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ABSTRACT

This hearing is a continuation of a bipartisan effort to consolidate, reform, and revitalize federally funded job training programs. Testimony includes statements of U.S. senators and individuals representing the following: National Association of State Job Training Coordinating Council and Human Resource Investment Council; American Federation of State, County, and Municipal Employees (AFSCME); Focus: HOPE, Detroit, Michigan; Federal Reserve Bank of Boston; National Association of Private Industry Councils; Tradeswomen of Purpose/Women in Nontraditional Work; and Eastman Kodak Co. (YLB)

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REFORMING AND CONSOLIDATING FEDERAL JOB TRAINING PROGRAMS

ED 385 702

HEARING

BEFORE THE

COMMITTEE ON LABOR AND HUMAN RESOURCES UNITED STATES SENATE

ONE HUNDRED THIRD CONGRESS

SECOND SESSION

ON

EXAMINING PROPOSALS TO REFORM AND CONSOLIDATE FEDERAL JOB TRAINING PROGRAMS

SEPTEMBER 28, 1994

Printed for the use of the Committee on Labor and Human Resources

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REFORMING AND CONSOLIDATING FEDERAL JOB TRAINING PROGRAMS

WEDNESDAY, SEPTEMBER 28, 1994

U.S. SENATE,
COMMITTEE ON LABOR AND HUMAN RESOURCES,
Washington, DC.

The committee met, pursuant to notice, at 10:00 a.m., in room SD–430, Dirksen Senate Office Building, Senator Edward M. Kennedy (chairman of the committee) presiding.

Present: Senators Kennedy, Pell, Simon, and Kassebaum.

OPENING STATEMENT OF SENATOR KENNEDY

The CHAIRMAN. We will come to order.

Today's hearing is a continuation of our bipartisan effort to consolidate, reform, and revitalize Federally-funded job training programs. In his State of the Union Address this year, President Clinton called on Congress to improve all aspects of Federal work force development policy.

In this session of the Congress, we have responded by enacting new education and job training measures for young people, such as the School to Work Opportunities Act, Goals 2000, and the Educate America Act. We have also made significant progress in responding to President Clinton's challenge to streamline today's patchwork of job training programs and make them a source of skills for people who lose their jobs.

For the past 6 months, we have been working to develop legislation to make job training more responsive to the needs of job seekers, workers, and businesses. We have made substantial progress and reached agreement on many aspects of a comprehensive reform bill. Compared to other major industrial nations, the United States does not have a coherent labor market policy to help workers and firms adjust to structural changes in our economy.

The basic building blocks of our current job training system were established during the New Deal, the New Frontier, and Great Society years. The challenge then was to help hard-to-serve groups enter the labor force.

As we head into the 21st century, we must respond to a new set of problems. As a result of increased international competition, technological change and defense downsizing, many workers already in the labor force need to be retrained to have their skills improved, often several times over the course of their careers.

The increasing number of two-income families and families with single heads of household require more flexible labor market institutions capable of helping workers to move in and out of the labor force without losing their earning power.

In addition, as President Clinton had emphasized, more effective job training is an essential part of our efforts to reform the welfare system and end the endless cycle of welfare dependency. In the past decade, many private businesses have taken measures to respond to the structural changes taking place in the economy. It is time for the Federal Government to revise its own approach to job training, give workers a greater opportunity to succeed in the modern economy, and the administration deserves credit for leadership on the issue.

In a series of recent speeches, Secretary of Labor Robert Reich had described broad trends since the middle-1970s that have split the old middle class into three new groups, an under-class largely trapped in central cities, increasingly isolated from the core economy; an over-class of those who are well-positioned to ride the waves of change successfully; and in between, the largest group, an anxious class, most of whom hold jobs but are justifiably uneasy about their own future and fearful for their children's future.

As Secretary Reich persuasively argues, success in today's work force is heavily based on education and skills. Well-educated, highly-skilled workers are prospering. Those whose skills are out of date or out of step with industrial change are anxious about their prospects. Those without education or skills drift farther and farther from the mainstream.

The most effective way to deal with these changes is to develop a more coherent job training system that is accessible to all job seekers, workers, and businesses without retreating from the commitment we have made to the most disadvantaged. We must assess the strengths and weaknesses of the current system, develop a new strategy to achieve our goals within the constraints of the budget.

According to a series of reports issued by the General Accounting Office at the request of Senator Kassebaum and myself and several other members of Congress, the Federal Government is currently spending $25 billion a year on 154 separate job training programs. In Massachusetts, more than $700 million is spent each year on a variety of Federal-State programs outside of the traditional school and college environments.

Although we know the total Federal investment in job training, we still lack basic data about our return on the investment. The most alarming finding of the GAO reports is that many Federal agencies do not know whether their programs are working. In light of the importance of job training, the lack of focus on accountability is unacceptable, especially in this time of increasingly tight Federal budgets and scarce resources for new investments.

Over the past 6 months, Senator Kassebaum and I have been working together to devise a new strategy to create the type of work force development system the Nation needs. In June, we issued a joint statement on the Senate floor which laid out a series of principles to guide this reform. Several other Senators joined us at that time, and we have subsequently received support from many other Senators on both sides of the aisle and our staffs have

spent many hours meeting with representatives concerned with how the current system operates.

This summer, we sent a survey to three agencies that administer 110 of the 154 programs in the GAO report, the Department of Labor, Department of Education, and Department of Health and Human Services. The purpose of the survey was to obtain baseline information to guide our reform. GAO analyzed these results for us and a summary of this analysis will be included in the record. We will give each of the agencies an opportunity to respond to GAO's analysis in the record of this hearing.

[The GAO report may be found in the appendix.]

The CHAIRMAN. Later this week, I plan to introduce a bill that will include a detailed strategy for reforming these programs. The Job Training Consolidation Reform Act proposes action to begin to transform them from a collection of free-standing programs into an integrated work force development system. This bill has two major aspects. It establishes a process for sensible consolidation and streamlining of Federally-funded job training programs and it reforms the delivery system to create a marketplace for job training services connected to real jobs.

I take pride that bipartisan developments in Massachusetts in recent years formed the basis for major elements of the legislation. In Massachusetts, our 16 private sector-led regional employment boards are playing a key role in ensuring that all programs, not just those funded by the Job Training Partnership Act, are linked to the skill requirements of industries that are vital to each region's competitiveness.

Each of these REBs has responded to this challenge in a different way, based on composition of the local economy. In Boston, the REB has taken a leadership role in integrating youth employment programs in the public schools into a city-wide School to Work effort that leads to paid jobs in the hospital, financial services, communications, environmental industries. It seems that many of the consolidations of that program can work effectively with the School to Work program. We have a number of programs out there that ought to be tied into those initiatives which have passed.

In Springfield, the REB is helping design a comprehensive program for 350 small- and medium-sized machine firms in Hampden County. REBs in Pittsfield and Northern Worcester County have initiated similar efforts with the plastic industry. The REB on Cape Cod is developing a comprehensive one-stop center in Hyannis to make it easier to obtain services.

In sum, it is clear that current policy is flawed. Many workers are increasingly anxious about their ability to adjust to economic change. It is increasingly clear that our Nation's job training programs are not operating effectively.

In this hearing and legislation, we are laying the groundwork for major reforms in the next Congress. Today's hearings will be followed by many others on the issue in the coming months. The need for a high-performance work force development system has never been greater. The strong interest in today's hearing encourages me that there will be broad bipartisan support for our effort in the next Congress and we look forward to the programs.

I think over the period of this year in our education programs, the Head Start programs, we have provided additional flexibility but we have strengthened the accountability. I think part of the challenge that we face in the whole range of job training programs and the education programs is understanding the importance of bringing those programs together; is more effective accountability; and is the assurance for those workers that are getting and upgrading their skills that they have marketable skills so that they have a sense of security, they can take those skills and find employment, be able to upgrade those skills which will enhance our own competitiveness and obviously make a difference in terms of the qualities of their lives.

We understand the tight budgetary pressures that all of the programs that come through our committee are faced with. We believe that with the kind of consolidation and coordination, bringing these programs into a closer context, that that is going to free up additional resources to be able to utilize in the programs which are demonstrating strong effectiveness.

We have worked closely together. Senator Kassebaum has been a real leader in this undertaking. I had hoped that this would be the next order of business after we had successfully passed health care this year, but we are used to having many things on our plate on this committee and we will be about the business of both of them in the next session.

I want to express our strong appreciation to Senator Kassebaum for her constancy on this issue and for her strong and valuable contribution in working through this process. I think it will be one of the most important legislative initiatives for the next Congress. I, and I am sure the other members of the committee, are looking forward to finding ways that we can work together to achieve the common objectives.

Senator Kassebaum?

Opening Statement of Senator Kassebaum

Senator KASSEBAUM. Thank you, Mr. Chairman.

It does take constancy here in order to accomplish anything. I would agree with you on that. I also think we all recognize the importance of successful job training initiatives as a key part of any welfare reform.

I have been very appreciative of the Chairman's willingness to hold some hearings. I think it highlights the urgent need for drastic reform of our current job training system. It is not that all components don't work. It is not that we can't make some things work better. But I would make the case that in order to really be able to think creatively and with true initiatives we almost have to wipe the slate clean in order to be challenged enough to do what I think is necessary.

As the Chairman pointed out, many of the job training initiatives started in the 1960s in a very small way and have grown, to a certain extent, haphazardly as we try and add new job training programs to almost every bill that comes through. Until now we have created a whole maze of programs in which we really have very little accountability and hardly any data to help us assess what works and what doesn't work.

I think the goal should be a single comprehensive work force development system that assists all individuals in entering the work force in gaining basic skills or retraining for new jobs, all under one integrated program that both workers and employers can understand and use effectively.

In many ways, this is what the Secretary of Labor, Secretary Reich, has spoken about when he talks about one-stop shopping. Yet we really sort of impose that concept on top of an already-existing system which, I think, doesn't allow it to work as we would all hope that it should.

So I think, Mr. Chairman, that the system has failed and it not only shortchanges the American taxpayer but I think even more it shortchanges the work force. It shortchanges young people who are looking for jobs, who want retraining. It shortchanges those wanting to find an avenue into the work force that best meets their needs.

The legislation that I introduced last March to overhaul the Federal job training system provides for a mechanism that would achieve comprehensive reform. It calls for sunsetting major Federal programs and provides States with considerable flexibility to restructure their job training programs.

Now by proposing a sunsetting mechanism that doesn't mean that these programs aren't going to be reviewed and found to be successful, perhaps with some changes. But I think if we are not prepared to do that and give it a hard look, it will be very difficult to change the system.

I am pleased that Senator Kennedy, as Chairman of the Labor and Human Resources Committee, shares my vision for reforming a broken system. I hope that we can all work together on this committee to engage in genuine and radical reform. I think it would be a great tribute to all of the job training programs if those who have a stake in these programs and those who work in the community join with us in finding answers that we feel will work and that can make some major improvements which I think would benefit everyone.

This committee has already recognized serious deficiencies in existing programs. One of them, for example, is Job Corps, long considered one of our finest programs. While many Job Corps centers do excellent work, the program as a whole has been harshly criticized by the Inspector General of the Department of Labor for its ineffectiveness. I am looking forward to a full review of this program beginning with hearings next week.

So thank you, Mr. Chairman, for calling this hearing today and joining with me in taking a look at what I hope will be a very successful and major examination of the way we operate job training programs in this country.

The CHAIRMAN. Thank you very much, Senator Kassebaum.

We are also mindful that a number of the other programs are in other agencies, so we are going to during the postsession period try and draw on our colleagues in the other committees and in the other agencies to try and sort of work with us in a consolidated approach. I think that if we are really going to get to the heart of the programs, it is not only the programs that are before our committee but also in the other committees as well. I think that this

is something that we are going to need to get the cooperation of our colleagues. So it is a monumental but very important and worthwhile undertaking.

I will introduce our first panel. We have Harold Epps, director of the Inner City program in Boston, a subsidiary of the Polaroid Corporation, along with Lieutenant Governor Paul Cellucci. Mr. Epps serves as the Co-Chair of the Massachusetts Jobs Council. The Massachusetts Jobs Council serves as the Governor's principal advisory board for work force development policy. Harold will be testifying on behalf of the National Association of State Job Training Coordinating Council and Human Resource Investment Council Chairs. It is good to have you here. We are delighted to hear from you.

Mr. EPPS. Thank you, Mr. Chairman.

The CHAIRMAN. We also have Gerry McEntee, President of AFSCME, which represents 1.3 million State, local government, and nonprofit workers, thousands of whom are employed in local employment service and welfare offices around the Nation. Mr. McEntee, we are glad to have you here.

We have Father Cunningham, Director of the Focus: HOPE program in Detroit. The Focus: HOPE is a human and civil rights organization with 700 employees and 42,000 volunteers. The program has the unique distinction of being both the Nation's largest food program for children and elderly poor as well as the largest, most advanced manufacturing technology training program. Father Cunningham is very familiar with the challenge of coordinating Federal job training and human service programs.

William Spring has a long and distinguished career, working at all levels of the Nation's job training system. Mr. Spring is Vice President of the Federal Reserve Bank of Boston. He currently serves as a member of the Boston School Committee, the Massachusetts Jobs Council. Bill serves on the bipartisan America's Choice panel that was co-chaired by Ray Marshall and Bill Brock. He previously worked on employment issues at the White House and staff on this committee with Senator Nelson.

We remember the presentation on the America's Choice. We have implemented the School to Work programs. That was an enormously constructive and, I thought, useful series of recommendations, many of which are still out there and need attention. Tomorrow meeting, Bill is scheduled to receive the Gus Hawkins Award for Lifetime Achievement from the New England Employment and Training Council.

Mr. Epps, we would be glad to hear from you.

STATEMENTS OF HAROLD EPPS, INNER CITY, INC., A SUBSIDIARY OF POLAROID, BOSTON, MA, REPRESENTING THE NATIONAL ASSOCIATION OF STATE JOB TRAINING COORDINATING COUNCIL AND HUMAN RESOURCE INVESTMENT COUNCIL CHAIRS; GERALD W. McENTEE, PRESIDENT, AFSCME, WASHINGTON, DC; FATHER WILLIAM CUNNINGHAM, DIRECTOR, FOCUS: HOPE, DETROIT, MI; AND WILLIAM J. SPRING, VICE PRESIDENT FOR COMMUNITY AFFAIRS, FEDERAL RESERVE BANK OF BOSTON, BOSTON, MA

Mr. EPPS. Thank you, Mr. Chairman and Senator Kassebaum, for the opportunity to appear today on behalf of the National Association of State Job Training Coordinating Council and Human Resource Investment Council Chairs. We do appreciate the attention the committee has given to this problem of multiple, and I want to stress multiple, and fragmented training, employment, and education programs. We are pleased to have the opportunity to present our perspective of the Chairs Association to you today.

Let me start by saying that the Chairs Association strongly supports the bipartisan effort to reform and consolidate Federal training programs that you, Mr. Chairman and Senator Kassebaum, have announced over the last summer. You will find that our position presented in our statement on behalf of the Chairs Association supports the principles presented in your joint statement. We have appreciated the opportunity to work with your respective staffs in crafting the bipartisan legislation and look forward to working with you in the future.

As chairs, we bring to these issues both the perspective of the private sector—I am from that sector—and the views of our respective Governors. In 1993, the Chairs Association issued a policy paper entitled "Bring Down the Barriers" that identified major barriers to an integrated, high-quality work force investment system. The paper asserted that the Nation's economic future depends on finding common ground to advance the development of its work force.

A number of policy recommendations are presented to maximize current programs and systems as the Nation transitions from a collection of independent overlapping employment and training programs and services to a comprehensive integrated system that is guided by the mission of building a globally-competitive work force.

Since the "Barriers" paper was issued, several efforts have been made and published by the General Accounting Office, GAO, highlighting the proliferation, fragmentation, and inconsistency of the work force development programs. While the legislative initiatives show that considerable progress is being made in the national debate, what is yet to be proposed is a national work force development system that restructures the fragmented mix, is administered by a variety of Federal agencies into a rational customer-driven—I want to stress again, customer-driven—system that provides a continuum of opportunities for lifelong learning supported by private and public sector partnership.

I would like to submit a copy of this paper as a part of my testimony. It is a discussion draft that we are going to make public after today at this hearing and to disseminate to other public interest groups, administrative officials, and Congressional members

and staff to prompt further debate and discussion around the goals delineated in the report.

For the remainder of the testimony, I will briefly, and I want to stress briefly, highlight key points from the paper and draw upon the Massachusetts experience in restructuring our work force development system to illustrate some of the points.

We want to ensure that we provide every youth and adult with the opportunity for continuous upgrading, and I think that will be one of the major changes, is the mindset of continuous upgrading of skills in order to advance economically and socially throughout our lifetime of employment, and in turn, to provide employers with the skilled workers necessary to be competitive in the 21st century.

We want to stress again the importance of viewing this strategy from the customer perspective and the customers are all youth and adults and the employers, and we must figure out a way to keep those two customers in balance. Those are the youth, adults, and the employers.

As a part of the paper, we want to outline seven guiding principles that we have concluded that will have significant merit in this strategy.

Again, I cannot over-stress the importance of it being market driven with customer choice. As part of that, it should be easily accessible and responsive to the needs of the customers, providing customer choice, again.

There must also be private sector leadership and direct involvement. I think that will be also one of the key ingredients, private sector leadership and direct involvement. They must be included from the beginning of the process. Again, I am viewing it from my bias from the private sector.

It must be outcome-based and accountable, with significant measurement systems included—outcome-based and accountable.

I don't think we can do it from Washington. It must be State-based and locally designed and delivered. We are a nation of one but we have our own uniquenesses within the States and even within the cities and counties within those States and we must get it down to the lowest level.

We must streamline the governance and operation of the system.

We must reinforce the importance of continuous lifelong learning.

And finally, we must connect the work force to economic development. The purpose of the system, I believe, is to have workers who are prepared to compete in a globally-competitive situation, and with that, it must be connected to the economic development scenario.

I would like to move—I believe you have a copy—to some of the key features that we believe are very critical, and that is universal access and eligibility for all customers. Again, I want to stress the universality component of it and we must figure out a way to expand the accessibility component.

Again, I cannot overstress the component of customer choice and having the system fit the needs of the individual at the place and the point they are in their skills and learning requirements.

We also must make the system convenient at local points of service. Sometimes we use the word "seamless", "universal access",

"one-stop shopping", "one door". All of those are words that have been used to talk about convenience and local points of entry.

It must be a comprehensive service system. The system should have the capacity to customize and provide a broad range of services to individuals and their employers.

It must be compatible from an information and integrated data system. I believe today we have the technology to expand the accessibility. Now we must figure out a way to integrate it and make the system and its data points accessible, user friendly to all of the customers, both the youth, the adults, and the employers.

And we must give the system broad visibility. I believe today's system has some good components, some that need overhaul, but the system is not visible to the majority of its prospective customers. That is, both the employees and the individuals needing training. We have got to expand. A lot of people call it marketing and advertising. We have got to let the people know that the system is available and wants to help the individuals.

So in closing, we believe that the national work force investment policy and the State Chairs recommend the following actions to be taken.

We must create a system that reinforces individual responsibility and provides customer choice and easy access to services. Again, around information, we must develop a national labor market information system.

Create a strong partnership with the private sector. Again, being in the private sector, I strongly believe and have my own 20-year experiences that we have to figure out ways to include the private sector in a pro-active fashion into the utilization of the system. We spend many more dollars in the private sector than the public sector does on job training. We need to figure out a way to leverage those dollars.

We need to redefine the Federal, State, and local relationships, and a part of that is including the private sector.

We need to connect work force investment, education, and economic development activities at all levels, as I said before.

Finally, we need to establish clear, simple, and measurable outcomes for the system. We must make the system performance- and outcome-based.

In closing, Mr. Chairman and Senator Kassebaum, as you know, over the past 4 years, Massachusetts has taken a number of steps to move in the direction that the State Chairs are recommending. There is much States can do at the State and local level and we believe Massachusetts is in a leadership position.

As Co-Chair of the Massachusetts Jobs Council, we have broad policy-setting and oversight responsibility and we are prepared to help and serve as a catalyst to move this agenda forward. Anything we can do in the future to work with you, we are positioned and poised to support.

Finally, the National Association of State Chairs accepts our responsibility to achieve these ends and we pledge our commitment to work with you in the future. Thank you very much.

[The prepared statement of Mr. Epps and the discussion draft from the National Association of State Job Training Coordinating

Council and Human Resource Investment Council Chairs may be found in the appendix.]

The CHAIRMAN. Thank you very much.

Mr. McEntee?

Mr. MCENTEE. Mr. Chairman, Senator Kassebaum, on behalf of the members of our union, I would like to take this opportunity first and foremost to applaud the Chairman for his longstanding leadership to improving the lives of all American workers. Senator Kennedy, you have been a stalwart friend of American workers, whether they are in unions or not in unions, during your entire career. Our union, the AFL-CIO, and all deeply appreciate your commitment to that cause.

No one understands better than our members who work in local employment service offices the importance of improving our current education, training, and labor market programs. They want to be equal partners in creating a system where any citizen seeking labor market and training services can get the help they need in the most efficient and effective way possible.

AFSCME members in State employment service offices already are on the cutting edge of reinventing the delivery of these services. In Ohio, for example, members of AFSCME OCSEA in the State of Ohio's Bureau of Employment Security, OBES, are working through a joint labor-management committee to reorganize and revitalize the agency. Similar reorganizations moving toward customer-friendly, one-stop systems and centers involving AFSCME members are underway in Connecticut, Wisconsin, Iowa, Washington State, Oregon, and New York.

The key point I want to make here is that front-line workers not only want to be involved in these changes, they must be involved at the earliest stages of any restructuring. A reform effort which fails to recognize this basic principle will lose the unique expertise and knowledge of the people who actually provide the services.

Another crucial element in ensuring the stability of the work force is providing adequate financing. Restructuring will not succeed in a climate of insecurity caused by layoffs and forced reductions or fears among workers that their program might end instead of being restructured.

With all due respect to Senator Kassebaum, we believe any value of a sunset provision, such as the one proposed, must be balanced against the damage it can do to the system. Creative reform requires a climate of security, not anxiety which will drive capable people out of the system.

Revitalizing the Nation's training and labor market system also will require additional resources for more rapid training of State workers and managers, simplification of confusing management and reporting systems, modernization of information systems, renovation of facilities, and joint labor-management cooperation.

The current debate over redesigning our training and labor market systems has focused on questions of how better to integrate a fragmented system of programs, how to apply private sector principles to the public sector, and how to structure private sector involvement in Federal programs. I would like to address a few of these issues.

Applying market-based competitive concepts to the administration of one-stop systems will squander scarce resources, weaken accountability for the management of public funds, and throw the system into turmoil. Instead, AFSCME has strongly advocated a collaborative model for the operation of one-stop systems in which profit-making entities would be vendors of specific training services but not managers of the system.

In an era of scarce resources, cooperation is the best way to maximize existing resources and focus the system on coordinated delivery of quality services.

AFSCME also believes that——

The CHAIRMAN. Could I ask you, just on that point, vendors of specific services but not managers of the system, what are you driving at there?

Mr. MCENTEE. What we would look at is a panel, a group that would be accountable for the system in local and State areas, but they would be representatives of business, representatives of the consumer, the people using the services, and representatives of the Bureau of Employment Security as well. We believe that business should have tremendous input and play an important role, but the business people that sit on these types of commissions and committees should not be vendors that provide the service.

The CHAIRMAN. I see. Thank you.

Mr. MCENTEE. AFSCME also believes that accountability for the public's money should rest with the public sector and public sector agencies. In a restructured system, the control of information and performance standards applicable to service providers in the system should be retained as a public agency function. This is the best way to ensure quality control.

In such a system, tripartite work force boards should play an advisory role. We have never agreed with the idea of business-dominated boards having administrative control over education and training funds. We are especially opposed to training providers filling the private sector seats on any work force boards because of inherent conflicts of interest and lack of accountability. Planning boards should be made up of customers of the system, labor, the community, and business. Business seats should be filled by businesses which are consumers, not providers, of the services in the system.

This is not to say that private sector management practices have no relevance in a public sector context. Indeed, private sector initiatives that create high-performance workplaces can provide valuable lessons for the public sector.

In a revitalized job training and labor market system, public sector agencies should play the role of the "honest broker", providing objective, good quality information, vocational assessment and referral, job counseling, job search assistance, and job development. They can enhance the efficiency of the labor exchange by coordinating the diverse array of education and training services.

In this regard, I call to your attention the August 4 testimony of Dr. Anthony Carnevale, Chairman of the National Commission for Employment Policy, before the House Government Operations Subcommittee on Employment, Housing, and Aviation. Dr.

Carnevale presents a blueprint for reform. He points out that private businesses have given individual plant operations flexibility but held them accountable for overall efficiency and quality through the use of information systems and performance standards.

In order to have high-quality training programs which can serve a variety of client needs in very different local areas, we need to apply this business solution to our training systems. We must first develop high-quality information about the kind of jobs being developed and the effectiveness of education and training programs, such as the Chairman mentioned in terms of marketable skills. If we cannot measure the results of individual programs, we cannot hold them accountable.

This new effort, Dr. Carnevale asserts, should be located in the State employment security agencies. This is because the UI wage record system can provide invaluable information about what kind of jobs are being created and because the employment service has prepared labor market information for local areas and States for many years. Their combined assets makes these two systems uniquely qualified to perform core labor market functions in a redesigned system and they should be at the heart of it.

The information-based functions must remain public functions. To do otherwise would compromise the integrity of the information and destroy the confidentiality of data provided by employers about individual workers' wages and job tenure. Furthermore, because the employment security system does not itself operate programs, it can make objective assessments about the quality of local education and training programs and the appropriateness of referrals to them.

A strong information system will provide the basis for better integration of our education and training programs through one-stop centers and systems. We think it is crucial that the Family Support Act JOBS program participate in such one-stop systems. A better integrated welfare, education, training, and labor market system must be part of reorienting the welfare system to emphasize work and employment opportunities.

In addition, we must remove the stigma which welfare recipients currently carry when they look for work. One-stop centers and systems can do this if they have the broadest possible array of Federal education, training, labor market, and social service programs participating and all job seekers are treated equally, based on their needs and interests.

AFSCME believes that a one-stop system built on a solid basis of automated information systems and performance standards can produce effective coordination of programs without the disruptive effects of either privatization or full consolidation. Unlike many past block grant proposals, one-stop systems can protect the funding priorities for different population groups established through the separate funding streams while facilitating administrative cost efficiencies through shared staff and equipment.

In conclusion, Mr. Chairman, AFSCME is eager to work with you and Senator Kassebaum and the administration in creating a coordinated, high-quality, consumer-oriented system of education,

training, and labor market services equally available to all Americans. We believe that there is a better basis for a consensus plan now than there has been in years. We should not let this opportunity pass us by.

[The prepared statement of Mr. McEntee may be found in the appendix.]

The CHAIRMAN. Thank you, Mr. McEntee.

Father Cunningham?

Father CUNNINGHAM. Thank you, Senator Kennedy, for your invitation. Senator Kassebaum, thank you for inviting me to be here. I also thank you for your opening comments, both of you. I particularly like the coordination with the other bodies of this legislature to get on the track with you. Despite its radical sound, Senator Kassebaum, I like the idea of wiping the slate clean, I am so frustrated with the nonsense of the last few years.

I should also like, before I begin my statement, to thank Secretary Bob Reich for his good leadership here, both in his thoughtful scholastic way and in his good management to date of the priority of training and educating.

Focus: HOPE, as you have said in your generous introduction, Senator Kennedy, is a human and civil rights organization headquartered in Detroit. We do have 700 employees and 42,000 volunteers. It is the Nation's largest food program for children and elderly poor, as well as its largest and most advanced manufacturing and technology training.

These two efforts are related. With over 80,000 persons in our food programs locally, our passion is to eliminate such food programs by ensuring everyone's right to be productive and a contributing citizen.

Three remarkable facts. Eighty-five percent of America's balance of payments is in durable goods manufacturing, The average age of America's high school graduates beginning their first real job is 27 years, or 9 years after graduation. At Focus: HOPE in Metro Detroit, we face a shortage of 500 skilled machinists just for today's local needs.

For the current and future job market, practical skills and education are inseparably linked. Job seekers must have computer skills, while the vast majority of public school educators are themselves computer illiterate. Skill development for a productive manufacturing economy requires a strong math and science platform, as well as multiple language skills.

In 1981, Focus: HOPE began a high skills program for machinists, the critical infrastructure of U.S. manufacturing. Thirteen years ago, Michigan's Department of Labor and the U.S. Department of Labor lacked definition for a machinist and maintained that such were in abundance, even heavily unemployed. The Department of Defense at that same time cited a quarter million shortage of skilled machinists. The U.S. Department of Education claimed our community colleges were turning out as many as needed. The Department of Commerce talked of new technology that would rapidly obsolete skills as we knew them, and none of the above were talking to each other.

By 1986, Senator Carl Levin developed an historic memorandum of understanding to be signed by the Secretaries of Labor, Education, Commerce, and Defense, declaring machinists a critical national priority for the Nation's defense and economy.

But to this day, we still depend largely on the marketing ploys of self-interested training companies to persuade jobless people about the value of the skills they provide. Hardly anyone at State or Federal levels, working with business and industry, is telling the public and publicly-supported institutions about the knowledge and skills needed for real growth opportunity employment.

We have instead poured money into useless short-term training ventures, easy fixes, long on promise and short on results. In Detroit, it often seems as if we have trained almost every citizen in cosmetology and truck driving. Almost never has a real skills development and educational program survived the welter of bureaucratic guidelines.

Someone has to stop and ask, what are the key targets for job growth in the future economy and what is the appropriate preparation? Support these targets and the U.S. jobless population will supply the grit and the intelligence to do the job.

The absolute precondition for this outcome is a new realism and integrity in public school education, which continues to pass off a failed system.

Because most high school graduates lack computer literacy, math, and language background, Focus: HOPE's FAST TRACK prepares 1,000 18- to 22-year-olds this year and 1,5000 next year with adequate capability. In 7 weeks, 6 days a week, eight hours a day, the FAST TRACK candidate averages 3 years math advancement. Put another way, what traditional high schools take 3 years to accomplish, Focus: HOPE FAST TRACK does in 7 weeks.

Every FAST TRACK candidate who meets our discipline, academic, and skill standards becomes employed or goes on to college. One-third enter Focus: HOPE's Manufacturing Training Institute, a one-year high-skill development program. Forty-plus hours per week of shop and classroom instruction and homework concentrate on mills, lathes, grinders, coordinate measurement machines, computer numerical control programs and equipment, metrology, computer-aided design, advanced math, language skills, both domestic and foreign, and other manufacturing competencies. Graduates average $9 an hour to start; job placement is 100 percent. Within 3 years of employment, graduates are earning $25,000 to $35,000 in annual wages.

Manufacturing graduates, and only graduates of the Manufacturing Training Institute, are invited to enter the six-year multidegreed engineering technology program of Focus: HOPE's national Center for Advanced Technologies. Here, candidates work 40 hours a week on America's most advanced manufacturing systems in a Star Trekian plant of the future.

Six major U.S. universities provide master's degree courses, the first time in the country, in integrated syllabi without classrooms. These folks never see a classroom. They employ an electronic library and academic modular learning linked to skills training and

major production contracts from which candidates are paid. Candidates compete with industry standards in quality, cost, and speed to market. All contracts are won through competitive bids.

Evidenced already is a geometric gain in learning progress, rapid and lasting assimilation of theory to practice, and an environment that assures continuous learning and skill progress. Add to this the successful technological implementations achieved by the Center for Advanced Technologies, which impact industry far more than the mediocre results of technology transfer.

Focus: HOPE believes that education/skills acquisition must be defined and driven by the competitive passion of successful manufacturers and by the imaginative capacity of our American youth to boldly go where no one has gone before. Thank you.

[The prepared statement of Father Cunningham may be found in the appendix.]

The CHAIRMAN. Thank you, Father Cunningham.

Mr. Spring?

Mr. SPRING. Chairman Kennedy, Senator Kassebaum, it is a great privilege for me to have this opportunity to speak here today.

As the Senator said, I worked on this committee for 10 years, first as a legislative assistant to Gaylord Nelson, then as a staff member when he became Chairman of the Employment, Poverty, and Migratory Labor Subcommittee, as it was then. In those days, I think as now, the issue before the Senate and the House in passing legislation wasn't so much Republicans and Democrats but putting together a coalition of people who thought that this was a thing worth doing. In employment training policy, that has been called bipartisanship

So all of our efforts, sort of the way Gaylord operated as a Senator, so I am delighted to see that you two are working together on these extraordinarily difficult problems in which I think there is very broad agreement. The country is not getting the job done. There is plenty of blame to go around.

I sit on the Boston School Committee, and I welcome Father Cunningham's remarks about the failed public schools. What most of our seniors know is not enough to carry them forward. We think we have some ideas. Again, I am pleased to see you praising Reich, and I would add Secretary Riley in Education, because the School to Work Opportunities Act is designed across the country, and in Massachusetts we have set the year 2000 by which we hope half of our juniors and seniors will work not only in school but in a lengthened school day because they are on the job, not waiting until they are 27 to develop skills to meet industry standards and having the people in the firm and in the school, the teachers, work together.

I hear you saying, wipe the slate clean because it is so frustrating. I think this is the universal experience of people at the local level. If I only had a little TNT in a box like in the movies, just blow the trestle up. See those logs fly in the air. At least it would release my frustration. [Laughter.]

Mr. SPRING. From your end in the Senate and the House, we have since 1962, when the Manpower Development Training Act

passed, in this Congressional system put dozens and dozens of programs funded at roughly the $50 million level, $100 million nationally. When you get down to Detroit or you get down to Boston, it is peanuts. So you have this sort of illusion of statistical significance. It is serious money—$100 million is a lot of money—but if you spread it across a continental-size country, 200 million people, it isn't very much.

People at the local level think the bureaucrats must have snuck it all away and they are living in Buenos Aires or something like that. [Laughter.]

Mr. SPRING. What I want to do today is ask that my prepared remarks be put in the record and just go over four brief points.

First, by way of introduction, it was a great satisfaction for me to be able to work with Ray Marshall and Bill Brock over a year-and-a-half on the skills commission. I saw union leaders, community-based organization leaders, business leaders reach a consensus, not only—we started with the idea that we have to do something, but a consensus on roughly what needs to be done. I think the country is beginning to make some progress in that direction but we need your help. That is why the legislative initiatives your staffs have been talking about, it seems to me, are really so very, very important.

I think all of us have a passionate statement about the need for education and training, linking it to work. Let us stipulate that I made that five-minute impassioned speech and move on. How do you do it? What is the last chapter in this book? I think that is where we are all wrestling. How do you make it work in a continental-size country?

I want to go over four points briefly. The most important, probably, is that the public and private efforts, the Federal and the State, because most of this public money is State and local efforts, have got to be integrated and operated as one unit at the labor market level. That is where young people are looking for school and work. That is where people coming back into the labor force are looking. It has to make sense to the leaders at the local level.

That is why I think that the regional employment board idea we are pushing in Massachusetts, one of the things your staff has been thinking about in this legislation, makes so much sense. If we use the money coming in wisely and had accountability—I think that is the point that Mr. McEntee was making—if we use modern management methods, giving people who are doing the job the resources they need and the freedom to do it but hold them very strictly accountable for results, I think we could pull these fragmented programs together at the local level.

The second point, and I have some charts which I think may provide some help on that, the second point I want to make is that in the one-stop effort, brokerage really matters. I think we have documented in Boston the extraordinarily dramatic difference you can make by having quality brokerage services.

The third point is that the private sector, in my judgment, having misspent my youth as a liberal Democratic staff member, I am now working for the private sector, the Federal Reserve, even, in Boston, and working with organizations of business leaders there, and I am convinced that virtually all American business leaders

are not only willing but eager to play their part, but they can't invent it for themselves company by company. You need a structure, an organization through which they can work, again, at the labor market level.

The final point is I want to talk a little bit about measurement. There is a need for a labor market information system, again, functioning at the local level. It is not abstract. We have paid a lot of Ph.D.s for labor market studies with Federal dollars on the theory that knowing national aggregates does you some good. It doesn't do you any good. I mean, they may be accurate about machinists across the whole country, but in Detroit, there is a terrible shortage, so you need that have that information.

Let me just go through these points very quickly. First, if you have my testimony before you, you will find that at the back, there is the "Sub-State Workforce Development Funds, Commonwealth of Massachusetts, Fiscal year 1993". One of the pieces of work the Massachusetts Jobs council has done in the Regional Employment Boards is developing for Massachusetts a list which looks very much like the GAO list, but we are trying to use it not to evaluate at the national level what particular intervention pays off, but to figure out what funds are available at the city and regional level, and trying to figure out what we can do to make those make sense for people and for firms and even for training agencies at that level.

You will see the figure is, and this is the fiscal year 1993 money, almost $700 million, of which only about $60-odd or $70-odd are JTPA dollars. The big chunks of this are Pell grants, $38 million; Perkins money, $20 million. We look at those programs run by the Office of Economic Affairs, including JTPA programs; those run by Education, which is almost three times as big, this is work force-focused education; and then at the Health and Human Services, $190 million State-wide. These are large chunks of money. I am not questioning whether they are adequate or not, but they are large chunks of money.

I thought that Father Cunningham put it far more eloquently than I can. The agonizing frustration of somebody trying to make sense of these rivulets of money when they are facing a river of human problems is just a tragic waste. I think those of us in government at the Federal, State, and local level have an enormous responsibility to figure out how to make these resources really useful at the local level.

Behind the State breakdown, I have information on Hampden County and in Boston, so you can get some sense. There is about $60 million in Hampden County. That is Springfield, MA. There is about $51 million in Boston. Hampden County is larger than Springfield, to some degree. You can see how this money breaks down.

We also, if you look at the charts, we are developing information on individuals served and kind of guesstimates of who is served—they are not so hard to come by—but also outcomes. Whereas the JTPA money, it may be mismeasured but we at least know exactly who graduated and what job they got, most of these programs don't track themselves at all. Vocational education tracks pretty well. They have a postgrad survey. Maybe some of these guys are sitting

down and writing themselves letters, I don't know, but they get such wonderful results there is a little bit of skepticism.

But at any rate, we really need to have outcome measures, but they need to be made available not to State bureaucrats, because I think the State capitol is only a little closer to the labor market than Washington, not to Washington bureaucrats and to you, but at the labor market level. That is the real question, citizens.

I remember when Gaylord was running for reelections he said, "Spring, find out from the Labor Department how much money is being spent in Milwaukee. I am going back to run. I am on this committee and get a lot of heat on public service employment. That was your responsibility; why did I listen to you? Tell me how much money is available in Milwaukee."

Well, we called the Labor Department and they sent over a very high-ranking fellow, a deputy assistant secretary at least, to explain to us that there was no way of telling, that they wouldn't know for 2 years, until the checks came back to the Treasury Department and could be collated. And they explained why. They said, look, we have 12 or 15 programs. They have different funding cycles. They have different starting and stopping points—this was before CETA passed. So nobody knows how much money is going there, literally just money, just how much money, let alone results. Gaylord figured, I have to campaign on some other issue, I guess, right? [Laughter.]

Mr. SPRING. I think what citizens want to know is what is happening in their cities. This isn't impossible to get but we don't have it now, and I think that is one thing we have to insist on.

And I believe from 10 years of work in Boston that the school system, the business leaders, the community colleges, the unions are all eager to be part of a system which is comprehensible. What they don't want to do, and again, this is to Gerry's point, they don't want somebody saying, clearly the system isn't getting the job done. Let us take the money away from the Job Service—they are not getting your job done either—and figure out how to spend that little bit of money better. We need to think about how the whole labor market is operating.

The second point I want to make is on brokerage. I think that Bob Reich deserves a lot of credit for coming forward with this one-stop shopping concept. I think the idea of having a place where anybody can come—universal access is in the rhetoric here—and find out what is available is really important, and having high technology, but there is a piece of it which I think we need to emphasize.

In my testimony on page three, we talk about how the brokerage operation in Boston has made a difference in the lives of young people there. And again, Father Cunningham, it goes to your point of this terrible gap between high school and the point people settle down with a year-round job at something like decent pay.

We waste the years of our young people's lives, and this isn't just black and Hispanic and poor young people, for all the vast majority who aren't going on, 75 percent are not now going on to four-year colleges, these young people face enormously chaotic times when they are making their decision about who they are going to marry and children and careers. It is extremely difficult. Whereas our

competitors, Germany, Sweden, Japan, put enormous public effort and focus at that point of transfer from full-time school, which is clearly comprehensible, to the terrors of the job market, which are really frightening to virtually everybody.

When we took the Boston business leaders to Frankfurt, the German business leaders boasted that they ran a campaign, sort of like our summer jobs campaign, but for full-time jobs for school graduates.

Anyway, in Boston as part of the Boston Compact in which the business leaders said, sure, it makes sense to organize job opportunities for kids who are going to have to work harder in our tougher high schools while the schools committed themselves to improve education, the business leaders said, we will sign up firms to do priority hiring of graduates.

That is that you don't have to hire a person unless you have a real job opening. This isn't public service employment in the private sector. And you don't want to hire anybody your staff isn't convinced can do the job. They have to be a real labor market hire, a real free-will willingness on the part of the young person and the employer to make that decision to hire. But we won't make 19-year-olds, 18-year-olds compete against older workers applying. So these will be jobs which in that sense are priority jobs. That was one.

The second thing we did was we hired, that is to say the headmaster of the high school in the Boston Private Industry Council, hired a career specialist to work in each high school with a phone, computer, an office—very rare for high schools, obviously. Their job, what they were measured on, what they were competing to do, was to coach young people into finding jobs and holding them. They are basically job coaches.

Finally, since we needed to know in this compact how our kids are doing, we used those career specialists which were in each high school to telephone every graduate with a form so we know where our graduates are after graduation.

In 1985, when unemployment was about 7.6 or something like that in Boston but improving, we had Andy Sum, a distinguished economist at Northeastern's Center for Labor Market Studies, do a comparison of Boston graduates with graduates of the class of June 1985 all across the country. There is a more complicated table that talks about their college experience as well in the testimony. But the stark numbers, I think, are really very dramatic.

Across the country, if you were black, the fall after graduating, having stayed the course, having graduated, 28 out of every 100 black young people had a job. If you were white, 52 out of 100 had a job. This isn't unemployment rates, this is employment population ratio. It catches everybody.

In Boston that same fall, if you were white, you had a ten percent better shot at having a job. Sixty-two percent of our kids had jobs, many of them going to college as well, 62 percent had jobs. If you were black, 60 percent had jobs. That is to say the black and white employment population ratios for Boston high school graduates, we are talking about 3,000 in a graduating class, this is 2,000 kids who are looking for work, the black and white ratios were just about equal. Nobody has ever accused Boston as being a

town which has overcome racism entirely. This is just not in the cards. How could you do it?

You have a very short list of possibilities. It is possible that black graduates will know a lot less than white graduates and therefore employers are making painful but rational decisions. Or, employers could be racist. They could just not be hiring blacks because they don't want to. Or it could be that there is an information problem, that, in fact, young black males especially and white employers have negative images of each other. In fact, it is not unknown to have vicious reciprocal negative images.

How do you close that gap? Because we had a career specialist who knew the kids. We had employers who were willing to, in principle, take a chance. But the broker, the job broker, made that connection and it had very dramatic results. It is part of what the Jobs Service tries to do, but if you looked at the numbers in Boston, you would see that we have something like $1 million of Wagner-Pizer money for the Job Service, and that is all the money there is. The Boston public schools, we in the Boston school community appropriate almost as much money to the Boston Private Industry Council to pay for career specialists. So it is a broker resource issue which I think you have to look carefully at in one-stop shopping as you go forward.

Third, the private sector organization. I think it is fair to say when I was on this staff, I shared the view of most of my liberal Democratic colleagues that we wouldn't have this problem if employers weren't such sons-of-bitches. If only they would do the right thing, we wouldn't have to have all these programs.

So I started out deeply prejudiced, I must say that, but when I got a job with the Federal Reserve Bank I was thrown in with these fellows and had to talk to them. I discovered that the employers in Boston and in every other city are as conscientious Americans as anybody else and eager—this is, I think, the saving grace of Americans—eager to try almost anything if it works, if it is plausible and if it is going to work.

My sense is that employers are more than willing to participate in the employment training system but they need to be organized. Large employers, very large employers, like Digital, for instance, can afford full-time training staff internally, but small employers simply cannot.

If you are going to organize smaller employers to play a role in School to Work, to play a role in playing their staff, there must be some organizational effort, and I would urge you as you consider legislation going forward to think in terms either of, as we are in Massachusetts, of cluster brokers, that is, people who will be working with the plastics industry North of Leominster or with the machine tool industry in Springfield, where we also have a skilled machinist problem, or with hospitals in Boston who, in fact, were already organized, which made our pro-tech program possible.

But I think that the public-private partnership needs both hands clapping and it is going to need some help organizing. On the House side, legislation has been put in to have kind of a county agent system reaching out to employers to organize. We have a very promising community college system but most of them have

one development officer who has no chance of reaching the thousands of firms. We need to do some organizing on the firms' side.

Finally, the last point I want to make is on measurement. If you were seeking a Ph.D., you need some very, very rarified data because you have to do something at the very edge of understanding, and most of the people you will talk to about this wouldn't be talking to you if they weren't expert and they wouldn't be expert if they didn't have Ph.D.s, which I think is a great handicap in American life.

The information we need here is operational information. It isn't Ph.D. information. We need to know in Boston last year how many people were trained in various occupations. I mean, occupation is sort of the link here between training and employment. How many machinists were trained and did they get jobs or not? It is very simple information.

We need to know from all the training agencies what happened, how many who began finished and what those who graduated knew, industry standards if possible, consumer information. Nobody has that information now. It is gettable, but we need that information at the local labor market level and we need to know what happens to graduates in terms of employment.

In Massachusetts, we are pursuing, as I think 11 other States are, what we call the placement accountability system based on quarterly unemployment insurance reports, where for everybody with a Social Security number, virtually everybody who has a job, how much they earned and where they are working is reported every quarter. We think out of that we can build a placement accountability system so we will know where 100 percent of the people who go through publicly-funded training programs go, as the State of Florida does right now.

That is, if you match the Social Security number of somebody who has been through a publicly-supported training program with information from the quarterly UI reports, you can find out where everybody is working. We need another bit of information, which is what is their occupation, and we really have a lot of information, real-time information about who was hired and who had training in the local labor market. I think the placement accountability system is important.

Finally, the final point I want to make is the skills commission says this country is in real danger. We are either going to have a highly-skilled—they don't put it quite this bluntly, but a much more highly-skilled work force or we are going to continue down the low-wage path which has taken very substantial amounts of money from hourly workers since 1973, which was the high point.

I believe a lot of our troubles in this country flow from this erosion of earned income. My numbers may be wrong, but I think that the fertility rates among young black women are actually declining, not rising, but the marriage rate is falling even more rapidly.

I think we need to know, if we are going to meet the challenge the skills commission lays out before us, how we are doing on those questions of earned income at the local labor market level. Through hours and earnings, we have pretty good information at the national level, but if you want to get people focused and operating and moving across this wider range of programs at the local level

and the even wider range of employers, I think we need an annual report on who is working in what occupation in what industry and what their earnings are, perhaps by quintile, so we can see how we are doing on earned income in Wichita as well as in Boston.

Again, it is obtainable, but I think we have to conceptualize this as making sense out of the private efforts, locally-funded, State funded, and Federally-funded effort in programs that work at the local labor market level where our citizens and our firms operate.

I feel very grateful, personally, having spent my life in this business, but I think the country does, Senator Kassebaum, for you, and Senator Kennedy for taking this issue, which is without glamour—I often say that I defeated a U.S. Senator by getting him to buy public service employment, probably the greatest public disaster in the training field ever. This is a field which does not earn you a lot of high marks on the hustings because I think most Americans have only a very hazy sense, and I don't think anybody who is not paid to understands these systems at all.

So your willingness to take on this, in my view, vital national issue and try to wrestle it to the ground and come up with something that works at the labor market level is much appreciated. Thank you very much.

[The prepared statement of Mr. Springs may be found in the appendix.]

The CHAIRMAN. Thank you very much.

I have been informed that we can expect a vote momentarily, so I will just take a moment or two of questions.

Let me ask all of you, what is the principal resistance at the local level for the nonmovement toward the general kinds of consensus points that are made here? Granted, they are made differently, with a different emphasis. But I think the general conclusion that one would have being here just listening to this is it all makes so darn much sense. What are the principal impediments toward trying to get this thing in a shape which incorporates, I think, the essential elements that have been outlined here?

That would be the one question, and I would ask each of you to give me a quick reaction and then I will yield to my colleagues.

Mr. EPPS. I believe there are at least two primary contributors to the lack of movement. One is the private sector is not involved. They just don't have a reason to fully engage in the agenda until they are in trouble, and then it is too late.

I also believe for the public sector it is a resistance to change. People are entrenched in their own turf, their own budget. The cycle of funding has been in place for a while. In order to change, somebody is going to have to give up something, and to get people to rise above their own petty differences, to come to the table as to what is best for the economy or the sector in which they reside is a tough issue.

So I think to summary, one, we have to get the private sector to the table, and two, we have to educate people as to what the goal is and force the change, and sometimes people are going to have to change their history.

The CHAIRMAN. Gerry?

Mr. MCENTEE. I am not sure that there is out there all this animosity or all this negative in terms of change. I think, as you discussed earlier, it grew sort of like Topsy and we had so many programs and no coordination of these programs.

I think we are at the point in the economy and in the country where we want and need change. I think that if we have national leadership and you blend it with local and Governors and people like that and you come up with something that is coordinated, can measure things, can do all the kinds of things that were discussed here today, I think you will find much more acceptance out there in terms of wanting change. Everybody that is in this field knows that there has to be change. There needs to be change. I think there is a large measure of will out there to make the kind of change.

The CHAIRMAN. Father Cunningham?

Father CUNNINGHAM. I am minded of an executive—I shouldn't mention his name but I am going to anyway—Tim Lilyette, formerly with Siemens, President of Siemens, who said he was going to hire his entire work force from Japan and Germany. He wasn't going to hire any Americans in the United States. Now he would shoot me for saying that here, but he said that at a conference with me.

The complexity and huge size of the problem is, I think, what causes many people to say, good God, maybe I will get out of office and somebody else will solve it, but they just don't want to solve it during their watch. It is because, like you said, well, I have to pull the other committees together in the Senate and it is the whole educational system and then it goes on and on and on. So the size of the problem makes people sort of have nightmares over, where do we start? That is part of it.

The other part is that, was it Tom Peters, ready, fire, aim. We have too many planners. They have to put everything into perfect shape before we get anything done, and we just have to get going at it. I am afraid there is a failure to see that precipitous moves here are really very, very healthy and very genuine and probably a higher degree of integrity than anybody who plans the whole thing and gets going at it. What is the other phrase, you have to eat an elephant one bit at a time, and that is what we have to do here. We have to get going and start something.

Those are the two things. I think people feel they have to plan the whole thing out. You have to have the perfect legislation, like with the health thing, you have to have the perfect legislation or we are not going to do anything. Those are the two things that I see, very complex and a failure to get going at it practically.

The CHAIRMAN. The only editorial comment of your fellow who wants to employ foreign workers, what rings in my mind is that Saturn plant down in Kentucky that had all American workers and when they had different management they outproduced the Japanese workers and the German workers. There is something probably out there someplace in between. I am not quite prepared to buy that other premise.

Mr. SPRING. Woodward and Bernstein urged us to follow the money, if you will recall. [Laughter.]

Mr. SPRING. Everyone talks collaboration and everyone is happy to collaborate with whatever of your money that you will give them and they will do the same for you, but as a practical matter, they are trying to feed their kids, they are trying to survive. They have to follow the money and the money comes down from the top in ways that you have to fulfill very, very meticulous requirements.

You were mentioning the Inspector General in the Labor Department, Senator Kassebaum. Believe me, the Federal auditors in all of these departments, urged by Congress, are very tough. You have to fulfill everything that they require and they are simply incompatible.

I would say the number one thing, we have compatible reporting requirements in a financial way so people can afford to have integrated programs at the operational level. That is the number one problem.

And I agree with Father Cunningham. Bold strokes are needed here. We have to really move because we are losing the game.

The CHAIRMAN. Senator Kassebaum?

Senator KASSEBAUM. Thanks. There are so many questions to ask. This has been an excellent panel.

I would just say, Father Cunningham, when you said, just get going at it, you certainly did. I think that the program that you have initiated is considered a model of success.

One statistic which the GAO reported, and I think it reflects on what everybody has said to a certain extent, is that only seven out of 62 job training programs they surveyed conducted any evaluations of the effectiveness of their programs in placing trainees in jobs.

It is that mismatch in the training that is undertaken and the jobs that are out there that disturbs me. It is such a disservice to those who are in the programs.

I couldn't agree more with what has been said about education. I have long believed a student should be graduated from high school who is prepared at that point with the discipline and the skills to enter the job market. We are sadly failing our young people in that regard, largely because, again, we are deluding ourselves as well as the students about the reality of what is out there. So that is sort of my opening comment.

Just to ask some specific questions, Mr. Epps, you have mentioned the integration of programs in your opening comment. Have you ever in any of the programs you have worked with asked for waivers from Federal regulations in order to better integrate some of the programs? Have you had any experience with that?

Mr. EPPS. I have had personal and professional experience with that in my career and I would put that on the short list of things that need to be looked at, reviewed, and addressed and changed as we make the system more user friendly from the employer perspective and the particular user. The regulations are very tight, quite often nonnegotiable, and they quite often drive businesses out of business, therefore doing the reverse of what they are intended to do.

So yes, I do have personal frustration with the unwavering and unnegotiable situations that we find ourselves with present regulations.

Senator KASSEBAUM. Thank you. We have just gotten a notice that there is only five minutes left on this vote. I hesitate to keep the panel waiting until we get back.

The CHAIRMAN. Why don't we just recess and then we will see where we are.

[Recess.]

Senator SIMON. [presiding]. If we can resume the hearing.

Let me just add to the comments, and I regret because of a Judiciary Committee markup I was not able to hear the entire panel. I appreciate Senator Kennedy's and Senator Kassebaum's input on this subject, as well as Secretary Reich and Senator Pell, who chairs the Education Subcommittee.

One of the amendments I got adopted last year was an amendment to permit on Indian reservations consolidation of all the job training programs as of October 1 of last year. I frankly don't know yet what has happened as a result of that, but that is one of those areas where we have a limited geographical area where we can learn some things, I think. The difficulty is there is a real limitation on job availability on Indian reservations.

Our next panel is Skip Schlenk, with AT&T New Jersey who chairs the National Association of Private Industry Councils; Linda Butler, President of Tradeswomen of Purpose/Women in Non-Traditional Work, a program that is based in Philadelphia; and Robert Volpe, who is Director of Government Affairs at the Eastman Kodak Company in Rochester, NY.

We are very pleased to have all three of you here. I see they have you as "Mr. Skip Schlenk" there. [Laughter.]

Ms. SCHLENK. It happens frequently, but I am indeed Skip Schlenk.

Senator SIMON. Ms. Schlenk, we apologize for that name tag there but we look forward to hearing your testimony.

STATEMENTS OF SKIP SCHLENK, CHAIR, NATIONAL ASSOCIATION OF PRIVATE INDUSTRY COUNCILS, WASHINGTON, DC; LINDA BUTLER, PRESIDENT, TRADESWOMEN OF PURPOSE/WOMEN IN NON-TRADITIONAL WORK, PHILADELPHIA, PA; AND ROBERT V. VOLPE, DIRECTOR FOR GOVERNMENT AFFAIRS, EASTMAN KODAK COMPANY, ROCHESTER, NY

Ms. SCHLENK. Thank you. Members of the committee, I am Skip Schlenk, Chair of the National Association of Private Industry Councils and Manager of the AT&T Family Care Development Fund. I want to thank you for the opportunity to testify today in support of this committee's important efforts to consolidate and reinvigorate the Federal Government's investment in work force development.

NAPIC has appreciated the opportunity to work over the last several months with the staffs of Senators Kennedy and Kassebaum as they grappled with the tough issues that must be resolved. As the committee moves forward in its deliberations, we urge you to remain focused on the mail goal, development of an efficient, high-quality work force development system. It is clear to us that this is what the public expects, working people need, and the global economy demands.

Let me note one approach to consolidation that must be maintained next year. We absolutely need a bipartisan effort. Significant consolidation can only occur if there is a broad consensus. This committee must be the leadership base in building a consensus. In this regard, we commend the efforts of Senators Kennedy and Kassebaum in developing a bipartisan solution.

The Nation's Private Industry Councils contend on a daily basis with duplication, overlap, inefficiency, and burdensome paperwork that characterize job training efforts at the labor market level. PICs have made some progress in integrating programs and improving services over the last decade. We recognize, however, that not enough has been done. We are faced with roadblocks in legislation, regulation, and bureaucratic opposition that can only be resolved in part through new legislation.

NAPIC and its membership have studied this problem for years. We believe that the Nation's PICs and the broader business community are prepared to support dramatic change. In fact, we find widespread support for the following principles.

First, we need program consolidation. Programs that belong together should be merged. At the same time, we should not lose sight of our primary goal, a work force system that provides the skilled, flexible workers essential to our prosperity. Merging a dozen marginal programs into one large mediocre program is just not worth your efforts.

Which brings us to our second principle. All programs must be judged by their outcomes, enhanced skills, job placement, retention, increased earnings, and the like. A successful outcome-based system will be measured by the degree to which it responds to the evolving employment needs of local businesses.

Our third principle is that a work force development system only works if policy and accountability are vested at the local labor market level. We have such a vehicle in the Private Industry Council. We need to strengthen PICs and expand their mandate. In fact, as Senator Kennedy knows, PICs are assuming strategic roles in Massachusetts, where they are known as Regional Employment Boards, and they oversee all work force investment programs.

Actually, a number of States and localities are following the Massachusetts lead and we would welcome the opportunity to discuss in detail the exciting evolution of business-led governance boards with the committee.

Before closing, let me mention a few other points on which my colleagues on PICs generally agree.

Improved labor market information is essential to our education and training goals. The private sector is the source of much of the information needed and we need a private sector buy-in to obtain this information.

Further, we agree that your legislation needs strong authority for waivers. We don't have all the answers and how to best organize a quality system. Experimentation, research, and development are needed. Waivers are essential if we are going to have the flexibility to try new and different approaches.

In closing, let me add one last point. Keep it simple. Focus on policy, governance, and outcomes. Establish clear authority and accountability. One-stop career centers make sense. Mandate them.

Mr. Chairman, members of the committee, thank you for this opportunity to testify. It is time for dramatic change in our work force development strategies and programs. The business community, including thousands of business people who serve on PICs, will support a bold proposal. We look to this committee for continued leadership. Thank you.

Senator SIMON. We thank you.

Ms. Butler?

Ms. BUTLER. Thank you, Senator Simon.

Again, my name is Linda Butler. I am President of Tradeswomen of Purpose/Women in Non-Traditional Work. TOP/WIN is the acronym. We are a nonprofit, community-based organization located in the Philadelphia area. We train low-income women for jobs in blue collar nontraditional fields like construction, utility company worker, and cable TV installation. We also have provided information and technical assistance on job training for such organizations as the National Alliance of Business, the National Association of Private Industry Councils, State employment agencies, labor unions, and other job training providers.

I would like to thank Chairman Kennedy, Senator Kassebaum, the ranking minority members, and the entire Senate Labor and Human Resources Committee for this opportunity to speak on some of the problems of our Nation's job training system from a training provider's point of view.

For a training provider, finding out about available training dollars can be a feat in itself. There are, as was said earlier, 154 different funding streams that come through 14 different Federal agencies and it is impossible to be aware of them all. Many of these funds stay underutilized simply because training providers like myself don't know they exist.

As a training provider, I can tell you that often the best way of finding out about these dollars is by word of mouth. For example, the Federal Highway Administration has earmarked funds to be used for supportive services, including training, for women and minorities to help them access highway construction industry jobs. Of the $10 million available each year, only about $800,000 were drawn down in 1992.

In 1993, Northeast Women in Transportation, a coalition of tradeswomen's organizations, discovered the existence of these training dollars purely by chance and then held a small conference to alert other training agencies to the availability of these underutilized funds. As a result, by the end of 1993, over $1.6 million had been disbursed, and as of April 15 of this year, almost $1.7 million had been drawn down. Keep in mind, however, this is less than 20 percent of the available funds.

This is just one example of available funds remaining a well-kept secret because of the complexity of the system, and unfortunately, I am sure, this is not an isolated example.

Information about the availability of funding, regardless of from which government agency it originates, needs to be made more accessible. Perhaps centralizing training dollars through a single oversight agency or creating a clearinghouse and at the very least publishing an annual directory of all training funds available

would maximize utilization of these funds. Distribution of training dollars should not be left to chance.

For an individual seeking training, the system is even more complex and difficult to navigate. Most of the participants of our training program are welfare recipients, and as such should be in the official system for referral to job training. The reality is the majority of our participants hear about us not through welfare or unemployment or any other official place but instead from a friend or through their church or through another community group. We must then send them back through the official referral system. By the time they finally get back to us, back to where they started, they have had to see an average of eight different people and sometimes as many as three and four times.

For dislocated workers, already disillusioned and downhearted, searching for job training opportunities can be overwhelming. For many, this is their first experience with the social service system they never thought they would need. Having to go from pillar to post because they lost the job they may have had for years is just punishment they don't deserve.

The one-stop shopping concept where information on job training, unemployment, and other social services can be easily accessed seems like an excellent solution for this problem.

We should take a closer look at the record of agencies doing training with Federal funds. Whether a community-based organization, labor union, community college, or proprietary school, the bottom line is securing good jobs for program graduates. If you can't get good solid jobs for your clients, you shouldn't be in the job training business.

We should examine the type of jobs we train for. For example, under JTPA, the country's largest job training program, according to the often-quoted 1991 GAO report, JTPA trains primarily for low-wage, low-skill jobs like food and beverage server, nurse's aide, clerical workers, and the like. The average wage of a JTPA program graduate after 13 weeks on their job is $6.15 an hour. That is $246 a week before taxes.

Remember that the majority of JTPA training participants are low-income, primarily women, many of whom are single parents. How can we possibly expect someone who is receiving a cash grant, food stamps, energy and housing assistance and medical coverage to enroll in training and have to deal with day care, clothing, transportation, and studying for a job that pays only $246 a week?

They say that folks on welfare don't want to work; I say they can't afford to. At $6.15 an hour, our job training system can't compete with welfare. At $6.15 an hour, our job training system is training our people for poverty.

The current system also further entrenches occupational segregation by gender, which keeps that old phrase about the feminization of poverty alive and well.

This time of reevaluation gives us the perfect opportunity to look at the gender segregation in our work force that is so prevalent and how our job training system perpetuates it by continuing to train women for traditional, low-paying, dead-end jobs.

TOP/WIN's training program is an example of what can be achieved by focusing on higher-wage, high-skill trade and technical

jobs. We regularly average over 125 participants for 22 training slots. Most of the women we train are long-term welfare recipients and many have never held a job before. Our program is difficult and demanding because the jobs we place our graduates in are difficult and demanding.

Our graduates come to your house to repair a gas leak, install your cable TV. They operate the switching equipment that determines the directions taken by the trains and they lay the track that those trains run on. Our graduates start at an average hourly wage of $12 an hour, usually in jobs with benefits and most of the jobs are union jobs. Results like these should be the norm and not the exception in our job training system.

Our program is long by local JTPA standards, 9 months, but it is still not long enough. We continue to do follow-up support and activities with our graduates and this support is instrumental in their long-term success. There are no quick-fix solutions for long-established problems.

Even during the slow economy of the past couple of years and despite employer resistance to hiring women for jobs that are normally thought of as men's work, TOP/WIN has been able to meet or exceed our placement goals. One of the reasons for this success is that we have developed a relationship with our local Office of Federal Contract Compliance Programs, or the OFCCP. The OFCCP is part of the Department of Labor and oversees the implementation of Executive Order 11246, as amended, which outlines the Equal Employment Opportunity regulations that companies with Federal contracts should try to fulfill.

According to the OFCCP, three to four percent of our Nation's employers fall under these guidelines and so under the jurisdiction of the OFCCP. This three to four percent represents over 27 million jobs and it only makes sense to make Federally-funded job training programs with employers having Federal contracts.

Our Nation needs a good job training system that is accessible to all Americans and the system needs to be accountable to place people in full-time skilled jobs. We have the goodwill and the expertise to accomplish this, to create a job training system that puts people to work and works for everyone.

Again, I thank the Chair and the ranking minority member and the entire committee for inviting me here today. Thank you.

Senator PELL. [presiding]. Thank you.

Mr. Volpe?

Mr. VOLPE. Mr. Chairman, members of the committee, I am pleased to share my perspective on redesigning the Federal work force preparation system.

Mr. Chairman, I ask your permission to submit a slightly revised copy of my testimony.

Senator PELL. Without objection.

Mr. VOLPE. Thank you. My comments will essentially echo those presented by the first panel and the other members of my panel.

As Director of Local Government Affairs and an employee of our county's largest employer, Eastman Kodak Company, I understand

the challenges facing American companies as we compete in a global economy and adjust to the changing American economic landscape. Retraining the work force and corporate right-sizing are just two of the issues I have been directly involved with in recent years.

I am a member of the New York State Job Training Partnership Council. For almost 5 years, I also served as chair of the Rochester/Monroe County Private Industry Council, representing a labor area of more than 700,000 people and overseeing the use of nearly $5 million annually in JTPA funds allocated to two service delivery areas. These experiences have given me some insight into what works and what doesn't in the work force preparation system.

I would offer several new perspectives and focus on a preventative approach. We need to have a common understanding and expectation of our citizens, employers, labor, and service providers about education. Education should be promoted as a lifelong process and not a series of separate pieces. This continuum includes everything from life survival skills, job training skills, to personal enrichment opportunities. Follow-on education and training opportunities such as apprenticeships, technical education, higher education, and employer-based training are also part of this system.

Our education work force preparation system should be focused on the needs of the customers of the system, job seekers and employers, not service providers. There needs to be a feedback loop from employers back to the system regarding new and changing work force expectations.

Certification of achievement of academic and workplace skills must be provided to those successfully demonstrating such skills. This provides the objective credentials needed by individuals and employers.

We need to have the K through 12 primary education system work as well as it can to minimize the number of people who need an alternative system, that is, to be truly preventative by addressing the various learning styles and learning paces of individuals. Reductions in school drop-outs will result in significant savings in welfare payments, unemployment insurance payments, a host of job training funds, and other programs such as Medicaid and food stamps. The alternative system should be viewed as a part of the primary system, one system driven by the customers.

The basis for my changes are really two national initiatives. One, the National Performance Review headed by Vice President Gore developed several key principles that should serve as the basis for reengineering Federal job training programs. These programs are cut red tape, put the customer first, empower employees to get results, and cut back to basics.

The five points of the joint Kennedy/Kassebaum statement on consolidation presented key ideas on which reform should be based and reflect the principles of the National Performance Review. I will offer specific recommendations for changes, many of which tie back to these two calls for change.

In terms of my proposal, I suggest that all existing programs be consolidated into one single pool of funds and managed from the bottom up instead of from the top down. This proposal changes the focus from institutional ownership to customer ownership.

Proposed is a system that would focus on results, not prescriptive command and control process and cost management. Local boards would be responsible for planning and oversight of the local system, using Federally-defined return on investment measures. Boards would include employers and service recipients, economic development groups, labor, education and training providers, welfare program administrators, and human service providers. Training and technical support would be provided to board members regarding best practices.

Measures might include reductions achieved in the number of people on welfare, reductions in the number of people drawing unemployment insurance, increases in the amount of new income taxes generated by the new workers, etc. Results against these measures would determine the levels of future funding and performance awards would go to those localities achieving results by exceeding measures.

Each local unit would prepare a multiyear plan identifying the community's needs and obtain multiyear funding with a mix of fixed and variable funds based on fluctuating needs. A local plan would be developed using macro local data regarding economic need, such as the number of unemployed, dislocated workers, and job openings. Information would be aggregated at the State level and funds allocated from the Federal Government based on a formula of these needs applied universally throughout the country.

The local decision makers would then decide how to allocate the funds to best meet the local needs and have responsibilities for definitions of who receives services. As an example, locally-determined blanket eligibility could be applied to all residents in an empowerment zone or all students in a school designated at-risk. This would simplify eligibility determinations, reduce administrative costs and service response time. Currently, local units have to apply to State or Federal governments for waivers under JTPA, even though another government agency has defined an empowerment zone or a school at risk.

The new system would have mechanisms which clearly and more powerfully reward collaboration among service providers by providing cash incentives for demonstrated that allocated funds can go further to gain actual results and dollar savings. The new system would eliminate current internal cost limitations on administration, direct training, training-related services, etc.

Labor market information would be divided into two categories to meet the different needs of job seekers. One category would be long-term, more generalized job information for career planning and the other category would be for the current labor exchange information regarding existing job openings.

The proposed system also would have a better way of disseminating information about best practices of all players, States, local boards, and service providers.

I recently participated in a work group composed of representatives of other employers and several trade associations. This group met for a full day to focus on developing recommendations for changing the Federal work force preparation system based on experiences with current Federal programs.

We concluded that future programs should be based on several key principles and have incentives for business. These key principles include that it must be industry driven; that we should avoid micro management; that it should be customer focused, that is, employees and employers; that system planning and oversight should be managed by local boards based on measured results, that is, the local community's return on investment; delivery systems must be competitive and include public and private sectors; and the system must include economic incentives to encourage business to use the training system and aim to increase the desirability of using domestic employees.

In terms of business incentives, some of these might include skill standards certification program; a credible screening of candidates; user-friendly system calibrated to customer needs with minimal paperwork burdens and hold harmless provisions. It should also incorporate "best practices" approaches and have designed in flexibility for each community to design programs as appropriate as possible.

Our group is willing to assist the committee in developing revisions in the work force preparation system in any way we can and I am willing to respond to your questions.

Senator PELL. Thank you very much indeed.

I would ask unanimous consent that my own opening statement be inserted in the record as if read.

[The prepared statement of Senator Pell follows:]

PREPARED STATEMENT OF SENATOR PELL

Mr. Chairman, thank you for holding this hearing this morning. Let me begin my remarks by commending you for your longstanding commitment to job training. Without your leadership, Mr. Chairman, Federal job training as we know it today would not exist.

As an original cosponsor of President Clinton's Reemployment Act, which begin the process of reform and consolidation of this Nation's training programs, I am very supportive of efforts to combine the myriad of Federal job training programs into a single program offering many forms of retraining assistance. If I recall correctly, consolidation was first suggested in Vice President Gore's Report of the National Performance Review.

I must offer one bit of caution however: in our zeal to shrink government, we must not hinder efforts to reconfigure the American work force for the high tech, high skilled jobs of the next century. The industries and skills that have gotten us to our place of prominence in the world today are not the industries and skills that will keep us at the head of the parade.

With that in mind, I look forward to the testimony this morning.

Senator PELL. I would defer to the ranking minority member for any questions she has.

Senator KASSEBAUM. Thank you, Senator Pell. Thank you for giving time to chair the rest of this hearing.

I appreciate the second panel's patience. When we are interrupted with a vote, it kind of throws everything off, and my apologies for getting back a bit late and missing some of the testimony.

I would like to ask maybe all three of you, because you have talked about the business side of it and the business community's role, and you mentioned, Mr. Volpe, the business incentives, but what I hear from a lot of the business community is that small business particularly would just as soon train their own employees if indeed they had people who would apply that they felt had the desire and the high school preparation that they could work with in training.

Just drawing on experiences in Kansas, I know Cessna, the airplane manufacturer, has opened a program in which they are training some personnel with the proviso that when they graduate there will be a job at the end of the line for them at Cessna. That seems to have worked pretty well. It is pretty basic.

All three of you are bringing a little different standpoint to this, but when we say it needs to be customer driven, what I find sometimes for those who are looking in the job market is a real mismatch in understanding of what is out there and what realistically they can fit into. Maybe it goes back to better career counseling, which was mentioned, and which I think is terribly important.

I would just ask, particularly maybe of Ms. Schlenk, do you feel that the private sector and the business community have not stepped forward as much as they could or should?

Ms. SCHLENK. I believe that the private sector has indeed stepped forward through their work, whether they are on community college boards, they are on Private Industry Councils, and they do a lot of training.

But I represent Private Industry Councils here. We see a broad range of clients. We may have a client who has fourth and fifth grade math and reading skills at the same time, we are seeing an increasing need at the other end due to downsizing. We had a panel the other day that had a vice president, a high-end graphic designer, a plant manager, and I forget who the fourth occupation was represented. At the same time, we are serving welfare clients. That is a broad range.

So when you say to me, what do they need, the people with the skills need help trying to figure out how to get another job because maybe what they were doing is no longer in the marketplace, and the person with the fourth grade reading level needs skill upgrading. Somewhere they are going to fit into business, but not at the same place. So when you say, what does business do, business accepts them but they have to be ready in both cases.

Senator KASSEBAUM. Does the Private Industry Council have a pretty good data base? Do you coordinate with firms around the country? When you mentioned the executive who was looking for a job due to downsizing, do you have a data base around the country that you can connect into to know where there are opportunities?

Ms. SCHLENK. And the relocation money to send them? [Laughter.]

Ms. SCHLENK. The practicality is we do well to operate in our local markets, very well to try to operate in our local markets. And when I say a local market, I am right outside in a suburb of Denver, Colorado, and so my local market would be those six metro counties, or maybe to the Western slopes, some migration.

Senator KASSEBAUM. But is that a problem? Does it help to know if there is somebody in Denver who is looking for a job that there may be positions that that person could fill in, say, Wichita, where job opportunities have opened in one area and maybe closed in another? Again, is there something for the business community to draw on that offers a broader scope of what is available?

Ms. SCHLENK. We think that that is part of what the business community can bring to an integrated system is that kind of data. For instance, if my company is hiring in Phoenix and Richmond, then that could be part of that integrated system but it is not there now.

Senator KASSEBAUM. Ms. Butler, let me ask you, and I again apologize for missing most of the testimony of both of you, but you have been, of course, a service training provider. Many of the thoughts that you expressed in your testimony I would agree with.

I guess I would just like to know how you respond to individuals in your work at the local level and what the biggest problem may be in connecting with Federal job training programs. Maybe you addressed that before I came back. I would hate to ask you to repeat.

Ms. BUTLER. I did touch on it a little bit, and I speak, I think, for many of the other service providers that I know. It is basically just finding out what funds are out there. Again, I think as Skip mentioned, there are many different eligibility requirements that come down from the Federal level attached to different types of programs. Where I may be able to match funds, I can't take the same kind of people in under one funding as I can under another.

So certainly, finding out about available funds is just a maze. I wish I had someone on staff to do just that. Unfortunately, none of our funding streams provide funding for that.

And too, there are so many different types of eligibility. I think the discussion we have about a lifelong learning system is an excellent discussion and will put an end to a lot of these different eligibility requirements that we have today.

Senator KASSEBAUM. Do you, in your capacity, do a follow-through?

Ms. BUTLER. Follow through? We like to say we are family. In the training business, we call it cradle to grave support services. We are a family. We place women into jobs that they don't normally have, and as you may well imagine, it is often a very hostile work environment. So we are certainly there to support and encourage our graduates throughout their career, and in fact, if they lose a job through no fault of their own, they can come back to us and we will try our darndest to get them another job.

Senator KASSEBAUM. But once you have placed someone, do you personally keep track of them, even if they are not keeping track of you? I mean, this is hard for everybody to do.

Ms. BUTLER. Yes, it is.

Senator KASSEBAUM. But I think it is a real flaw in our being able to better analyze the effectiveness of these programs.

Ms. BUTLER. I think you are absolutely correct, to be able to track our participants, where are they today. We do it very informally with no funding. Often after work at home, our staff will call

past graduates to find out where they are, are you still working, and what are you making? I think it is a very difficult problem.

The best I can see from a provider's point of view at this point is getting an intern in or someone that could work on this, but it is a big problem in our system, tracking what is happening to our folks that take job training.

Senator KASSEBAUM. With the type of training that you do, do you work with the displaced homemaker program as part of that?

Ms. BUTLER. It is a very, very good program. Unfortunately——

Senator KASSEBAUM. It is limited.

Ms. BUTLER. —we have trouble again mixing funds between JTPA and dislocated homemakers. I love to work with that population, and a lot of good work is being done in that area.

Senator KASSEBAUM. Have you utilized any waivers? Have you tried to apply for waivers from any of the Federal regulations, or are you able as a private entity to do so?

Ms. BUTLER. I am not quite sure what you mean by waivers. I know that one of the problems with the JTPA regulations as they are today, you have to—as a training provider, you actually get money into your agency when someone stays on a job for 13 weeks. However, there are very high-paying jobs, for example, in the construction industry, where workers are subject to layoff at any given time and agencies like myself are very hesitant to place into those industries because if someone is laid off for a day or two in that 13th week, we unfortunately are financially penalized under the system.

Senator KASSEBAUM. Mr. Volpe, thank you for your interest and work in the whole job training initiative. I would like to ask, being with Eastman Kodak as you are, has Eastman undertaken some special programs to train their own employees?

Mr. VOLPE. Actually, yes, and we have had a tradition in our company. Many of you may know that George Fisher, coming from Motorola where he had a very strong tradition of training, has brought that same culture with him and recently announced a policy that we will have—every employee will have at least 40 hours of training annually and we will initiate that program in 1995. Our goal is to have 50 percent of that goal met by the end of 1995 for all employees. That obviously will be ratcheted up as time goes on.

So that culture is being formalized at Kodak and clearly it has been, for the most part, an ongoing process. We have our in-house training organization, organizational development and personnel development. That training ranks all the way from basic education and literacy all the way to very sophisticated statistical concepts, software engineering, group practices and that kind of thing.

So it has to be a part of a business's culture. And fortunately, as a large company, we are able to have those resources and many smaller companies are not so they need to tie into what is available in the community, which I think is a very important aspect. We also feel that as a major employer, as we relate to our suppliers and our customers, we need to have a part of that. We need to be a part of that community.

Senator KASSEBAUM. That is interesting, because let us say for your suppliers, can they work through your training programs to a certain extent?

Mr. VOLPE. We do not at the present time have an integrated approach where our training programs are available to our suppliers. However, we have created with several other companies a supplier training consortium where we are working cooperatively to develop curriculum around the total quality management processes.

So various community colleges around the country, Monroe Community College in Rochester, I believe, Maricopa County Community College in Phoenix, there are several in California and one in Texas, I believe, that are actually developing curriculum for specific pieces of the total quality management processes, which then will be made available to the other community colleges to train the suppliers, because many of our suppliers for our companies are common. So one of our suppliers in Rochester, NY, may also be supplying Motorola in Phoenix or Sematech in Texas, as an example.

So that concept is evolving and I think we will see more of that in the future.

Senator KASSEBAUM. I think that is a very positive approach which is making the best use of the educational system as well as cooperative efforts among industry.

Mr. VOLPE. Senator, I would like to, if I could, go back to some of the questions you addressed to all of us.

Senator KASSEBAUM. Yes.

Mr. VOLPE. The question about the mismatch between the job applicants and the jobs and the employers, I think first of all there is a responsibility in terms of career counseling that our primary system do a much better job of acquainting our young people with what the world of work is all about. We don't need to have them be 18 before they understand that there is a responsibility for showing up every day or being punctual or what their responsibilities are to work as a member of a team.

I would suggest that in terms of the matching process, I am familiar with two examples that have worked very successfully. One, relative to the question you asked about small businesses and their ability to train, one of the facets of JTPA that is available is an on-the-job training program. When I was PIC chair, we found that to be a very, very successful program where we had counselors working with the applicants and a bank of employers, matching them up, so that an applicant could work on the job and be trained in that job for up to 6 months. We had a very, high placement rate in that program.

The other thing we did as a Private Industry Council was reach out to groups of employers by industry group. As an example, we had focus breakfasts for members of the banking community to talk about teller training. Now obviously, tellers are not very highly-paid in terms of an entry-level job, but the career path and the rate of ascension in a bank is very, rapid.

So we work with these banks to develop a training program, a specific teller training program that we ran that was not unlike the one you described with Cessna, where the program was conducted for those tellers and it was run by a separate training organization and then those applicants were all interviewed and selected by the banks. So they were reselected in terms of being applicants and then made offers at the end of the training.

So I think there is no single approach that works. You have to go back to what Skip commented on. It has to really be related to the labor market, what the employer needs are, what the job openings are, and what the job applicants' needs are, and then there has to be some crafting of the appropriate solution to meet the needs on both ends.

Senator KASSEBAUM. I am glad you mentioned career path because I think that is important and I am not sure it is discussed enough. So many times, it seems to me high school students say, oh, I want to be a vice president of the bank, and do not realize that actually, if you start out, what steps you must take to get to where you want to be.

Mr. VOLPE. Yes.

Senator KASSEBAUM. I am sure Senator Pell talks to a lot of students like I do who say, well, I would like to be a Senator. I am not sure what career path you suggest, Senator Pell, but——

Senator PELL. And it takes a great deal of luck. [Laughter.]

Senator KASSEBAUM. It certainly does, being at the right place at the right time. But I think with anybody, it is sort of working through what are the career paths that are out there and whether there is a willingness to start where you are and what opportunities lie ahead. Maybe that is where we fail, by not talking about the opportunities that are at the end of the line if one works and develops certain skills along the way.

Mr. VOLPE. We tend to talk about the end of high school as opposed to the continuation of a work career or the continuation of a lifelong learning process, and I think you have heard that from many of the panelists today. That is a very important thing that we need to help our young people understand, that there is a commitment to lifelong learning. As the job market changes, as technology changes, those are the opportunities that provide for that career advancement.

Ms. SCHLENK. Could I just add that we, in my own Private Industry Council, have moved from the notion of employment to employability, because it is a changing job market and it is not going to be one job forever. So that is our concept, is from employment to employability, again fostering that continuous lifelong learning cycle and that the job will change.

Senator KASSEBAUM. Thank you very much. Those are all the questions I have, Mr. Chairman, but I appreciate very much your coming and patience and providing testimony.

Senator PELL. I join in thanking you.

I have one question and that is whether you thought the Private Industry Councils and the one-stop career centers could somehow be umbrella-ed together, thus reducing the number of people working in these programs and perhaps increasing the efficiency. Would any of you have a thought on that?

Mr. VOLPE. Senator, I do. I would suggest that there is a difference in purpose, that the Private Industry Council I would envision as a policy and oversight board for a local job market, not necessarily a deliverer of services, as opposed to the one-stop career centers as more of a deliverer of service rather than having a significant role in policy. Clearly, they need to be a part of the policy team, as I think many job service organizations are, but I would

see the Private Industry Council being more of that labor market board that many of us have talked about.

Senator PELL. Thank you.

Ms. Schlenk, do you have any comment?

Ms. SCHLENK. I would agree that the Private Industry Council's role is policy and oversight and ensuring the accountability.

Senator PELL. But you don't think it should be oversight over the one-stop career centers?

Ms. SCHLENK. Yes, I do believe it should be oversight but not delivering the actual services. I am sorry. Maybe I misunderstood.

Senator PELL. Thank you.

I would like to mention, incidentally, speaking of the Private Industry Councils, we have a truly excellent one in Northern Rhode Island and I would like to pay them a compliment in this public hearing.

The record will stay open for 2 days for any additional statements or questions and we thank you very much indeed for being with us.

[The appendix follows.]

APPENDIX

PREPARED STATEMENT OF CLARENCE CRAWFORD

Mr. Chairman and Members of the Committee:

We are pleased to be here today to discuss our work related to multiple employment training programs and the need to ensure that program administrators are held accountable for program results. Each year the federal government invests billions of dollars in employment training assistance. To get the most from this investment, administrators should know how well their programs are working to help participants transition into the work force.

Our testimony today focuses on the findings from two reviews of the information that agencies collect to track program results. We will summarize our report on program accountability completed for Senator Kassebaum in March 1994.[1] We will also present the results from our review of the data on 88 programs obtained by your Committee from the Departments of Education, Health and Human Services, and Labor.

In summary, our work showed that agencies lack the information they need to adequately track who is served or determine the results achieved by their programs. As we reported in March 1994, most agencies do not collect information on participant outcomes nor do they conduct studies of program effectiveness or impact. These are necessary to know whether their programs are providing assistance that helps participants get jobs or whether the participants would likely have found the same types of jobs without federal assistance. Further, our review of the data on the 88 programs that were provided to your Committee confirmed that agencies not only lacked information on participants outcomes, they often lacked such basic data as the number of participants served or their demographic characteristics.

CURRENT SYSTEM IS FRAGMENTED

The United States' ability to compete in the international marketplace depends to a great extent on the skills of its workers. Over the years, the federal government's commitment to enhancing work force quality has been substantial. Our analysis of the President's proposed fiscal year 1994 budget identified at least 154 federal programs or funding streams that requested an estimated $25 billion for employment training assistance to out-of-school youth and adults. (See app. I for a list of the 154 programs and funding streams, including those used in our analyses.)

Most employment training programs are administered by three federal agencies. The Departments of Education, Health and Human Services, and Labor are responsible for more than two-thirds of the programs and about 90 percent of the proposed funding for 1994. However, some programs and funding streams are administered by other departments or agencies that would not generally be expected to provide employment training assistance, such as the Departments of Agriculture (USDA) and Housing and Urban Development (HUD).

To ensure that programs get the most from the investment in them, program administrators must have information about their programs' performance and know whether the programs are helping participants. By tracking data on such basic items as funding, number served, participant characteristics, and participant outcomes, including the number completing training or the number placed in jobs, administrators can determine whether participants are being trained adequately to compete effectively in the job market.

REVIEW OF 62 PROGRAMS SHOWS LITTLE EFFORT TO MONITOR PERFORMANCE OR MEASURE IMPACT

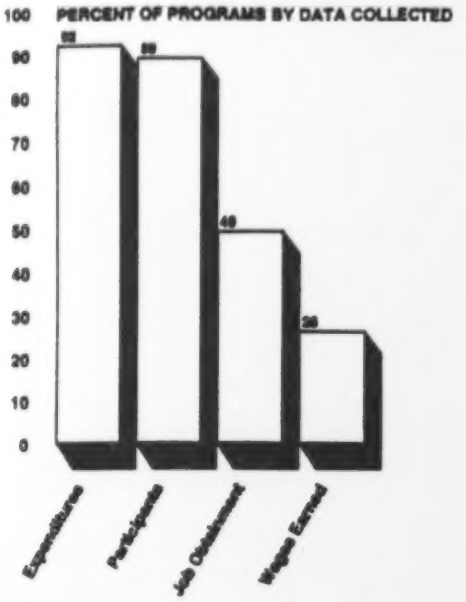
To learn more about how federal agencies assess whether their employment training programs are working, at the request of Senator Kassebaum, we recently reviewed agency efforts to assess program results for 62 programs. Our review focused on three areas: (1) what data federal agencies collect on participant outcomes, (2) how federal agencies use oversight activities to monitor local program performance, and (3) what studies of program effectiveness or impact have been conducted in the last 10 years.

We found that federal agencies tend to focus their efforts on activities-based data, but only about one-half the programs collected data on what happened to participants after they received program services. As shown in figure 1, of the 62 programs

[1] Multiple Employment Training Programs: Most Federal Agencies Do Not Know if Their Programs Are Working Effectively (GAO/HEHS-94-88, Mar. 2, 1994).

analyzed, about 90 percent of the programs collected data on dollars spent and number of participants served. However, only 49 percent of these programs collected data on how many participants obtained jobs and only 26 percent collected data on wages earned.

Figure 1: Data Collected by 62 Programs



Even when outcome data were collected, many programs did not link their outcome data with data on services provided or participant demographic characteristics. Of the 49 percent that collected outcome data, about one-third did not link outcome data and services provided. As a result, administrators of these programs did not know which activities were more successful in helping participants obtain jobs, nor could they identify ways to improve the performance of their program. Such data allow program officials to determine whether their programs are more successful for some participants (for example, men) than others (for example, women). Officials can also determine whether there are disparities in who receives what types of training. For example, in our report on racial disparities in Job Training Partnership Act (JTPA) services, we reported that 34 percent of the projects in our analysis (67 of 199) had a disparity in at least one training mode—classroom training, on-the-job training, or job search assistance only—for at least one of the racial groups assessed.[2]

Program monitoring efforts also did not focus on program performance. While most of the programs had some form of monitoring or oversight activity, generally these efforts only concerned compliance with program requirements and procedures, such as compliance with Equal Employment Opportunity (EEO) regulations, or progress in providing agreed-upon services, such as providing classrooms for specific

[2]Job Training Partnership Act: Racial and Gender Disparities in Services (GAO/HRD-91-148, Sept. 20, 1991).

training activities. Of the 62 programs reviewed, 97 percent had some form of monitoring or oversight, but only 34 percent of the oversight efforts we identified included an assessment of participant outcomes.

While compliance with program requirements and financial integrity are important concerns, the lack of agency attention to program performance during oversight or monitoring visits results in agencies not being able to identify local projects that are having performance success or those that may need help. It also sends the wrong message to program administrators. Instead of being held accountable for their programs' performance, agencies' oversight efforts appear to be more concerned with procedures and regulations.

To determine whether employment training assistance is really making a difference or whether participants would most likely have achieved the same outcomes without the program, agencies should conduct studies that compare the outcomes achieved by program participants with the outcomes of similar nonparticipants. However, our analysis showed that few agencies had performed or sponsored such studies. Of the 62 programs reviewed, only 7 programs had been the subject of such a study during the last 10-year period ending December 1993.

REVIEW OF INFORMATION PROVIDED FOR 88 PROGRAMS SHOWED THAT BASIC DATA WERE OFTEN MISSING

In June 1994, your Committee sent a brief questionnaire to the Departments of Education, Health and Human Services, and Labor asking for some basic information on 88 programs.[3] The request asked for information on 10 data items[4] that covered four broad categories: (1) funding levels; (2) number served; (3) participant characteristics; and (4) the outcomes achieved, such as the number of employment-related placements. You then asked us to summarize their responses and report the results back in the context of our findings from our March 1994 report on accountability

We believe that it is important to note here that our analysis of the 88 programs was limited to the information that the three agencies provided to the Committee. We did not independently verify the information that the agencies provided. Nor did we follow up on any program data that the Committee requested but that the agencies did not provide. We did note, however, based on our past work in the employment and training area, instances where agencies may have had data that were not provided to the Committee.

Nevertheless, our review showed that the data provided by the Departments of Education, Health and Human Services, and Labor on 53 programs[5] had significant gaps and was sometimes old or based on estimates rather than actual data. Thus confirming what we found in our earlier review, that agencies appear unable to provide routine data they would need to track their programs' performance.

For example, as shown in table 1, for the first category of data we reviewed—program funding—our analysis showed that 53 programs provided data on their funding allocations. Of the 53 that provided any data, 50 programs provided current funding data, while 3 programs provided older data-2 from fiscal year 1991 and 1 from fiscal year 1990.[6]

Table 1.—Programs Providing Current Funding Allocation Data

Funding allocation	Number of programs
Requested	77

[3]The 88 programs for which the Committee requested information represent about 90 percent of the funding budgeted in fiscal year 1994 for employment training assistance. Of the 88 programs, 36 were also included in our analysis of the 62 programs discussed above.

[4]The 10 data items were (1) funding allocations, (2) number served, (3) age (youth or adult), (4) gender (male or female), (5) economically disadvantaged status, (6) labor force status(employed, not employed, or not in labor force), (7) number that completed the program, (8) number placed in a job, (9) number of job placements that were training related, and (10) average placement wage.

[5]We only looked at 53 of the 88 programs for which data were requested because 11 programs were either not funded for the year the Committee requested data, fiscal year 1993, or the programs started after 1993. In addition, for 24 of the programs—15 from Education, 6 from Labor, and 3 from Health and Human Services—no data were provided for any category.

[6]The Committee also requested data on program expenditures.However, only 11 programs provided data on expenditures. The Department of Labor did not respond at all to this category, even though our past work would indicate that Labor does collect data on expenditures for at least some of its employment-training programs.

Table 1.—Programs Providing Current Funding Allocation Data—Continued

Funding allocation	Number of programs
Less: Data not provided for any category	24
Data provided in at least one category	53
Less: Data not current	3
Current data provided	50

The second category of data that we reviewed concerned "number served." As shown in table 2, 52 programs provided data on the number served. However, 21 of those programs provided data that were estimated, not current, or incomplete. We found that 13 programs provided data based on estimates or projections, 12 programs used data from years before 1992, and 2 programs provided data that were incomplete. For example, one program provided data for only 5 of its 11 projects. Overall, as shown in the table, only 31 programs provided data that were current and complete.

Table 2.—Programs Providing Current and Complete Data on Number

Number served	Number of programs
Requested	77
Less: Data not provided for any category	24
Data provided in at least one category	53
Less: Data not provided in this category	1
Data provided in at least one category	52
Less: Data estimated, not current, or not complete	[1]21
Current and complete data provided	31

[1]Some programs may have provided data that fit more than one category—estimated, not current, or not complete.

The third category of data items reviewed was demographic characteristics of participants. As shown in table 3, of the 53 programs that provided data in some categories, 8 programs did not provide information for any of the four items in this category. That left only 45 that provided data on one or more of the data items: age (youth or adult), gender (male or female), economically disadvantaged status (yes or no), or labor force status (employed, not employed, or not in the labor force). However, 42 programs did not provide data for all four items in this category. Thus, only 3 programs provided current and complete data for all four participant characteristics.

Table 3.—Programs Providing Complete Data on Participants Characteristics

Participants characteristics	Number of programs
Requested	77
Less: Data not provided for any category	24
Data provided in at least one category	53
Less: Data not provided for any items in this category	8
Data provided on participant characteristics	45
Less: Data not provided for any item in this category	[1]42
Current data provided	3

[1]Although not shown, most programs provided data that were estimated, not current, or not complete.

Further analysis of the 45 programs that provided some data on demographic characteristics showed that while only 4 of the 45 programs did not provide data

on gender, 28 did not provide data on whether participants were economically disadvantaged[7] and 21 did not provide data on participant labor force status. Our analysis also showed that most of the 42 programs provided data based on estimates or old information—information gathered before program year 1992.

The last category of data items reviewed was program outcomes. As shown in table 4, only 42 programs provided data on at least one of the four data items in this category: total number of participants that completed the program, number placed in a job, number of job placements that were training related, and average placement wage. However, 41 programs did not provide data for all of the four items in this category. In short, only 1 program provided complete data for all four of the outcome data items requested.

Table 4.—Programs Providing Complete Data on Program Outcomes

Program outcomes	Number of programs
Requested	77
Less: Data not provided for any category	24
Data provided in at least one category	53
Less: Data not provided for any item in this category	11
Data provided on program outcomes	42
Less: Data not provided for any items in this category	[1]41
Current data provided	1

[1] Although not shown, some programs also provided data that were estimated, not current, or not complete.

Further analysis of the 42 programs that provided some data on program outcomes showed that 39 provided some data on the number of participants placed in jobs; but only 9 provided data on whether participants were placed in training related jobs. Our analysis also showed several of the 41 programs reporting incomplete outcome data were using data either from studies that had been completed before 1992 or incomplete data.

The Committee also asked the agencies to provide data on any additional outcomes that they deemed appropriate. In all, 22 programs provided additional outcome data, including other job placement measures as well as nonemployment related measures. For example, 17 programs provided job, retention data, ranging from 13 weeks to 26 weeks. Ten programs provided data about self sufficiency, while 7 programs provided data related to increased earnings of individuals.

We also found that 14 programs provided data on nonemployment outcomes, including basic skills improvements or vocational skills enhancements. This included 11 responses for achieving either a high school or GED diploma, and 13 responses for some achieving some type of vocational education or related training. Eight programs provided other outcome data, such as youth retention rates in school.

Finally, Mr. Chairman, it is important to acknowledge that the Departments did offer several reasons for not providing data for some of their programs. First, they disagreed with the classification of some programs as providing employment training assistance. Second, they said that it was difficult to isolate information related to employment training assistance when the major focus of the programs was elsewhere or decentralized. Third, they said that some employment training programs were only a small part of a larger effort supported by states and localities.

Nevertheless, not one program in our analysis provided all 10 of the data items that your Committee requested.

CONCLUSIONS

To know whether the government is getting the most from its investment in employment training assistance, policymakers must have reliable information on program performance. Despite recent calls for better accountability, many of the programs in our analysis had difficulty providing current and complete data on participant outcomes as well as routine information on the number of participants served, their characteristics, or the number completing a program.

[7] Many programs not reporting whether participants were economically disadvantaged were under the Job Training Partnership Act (JTPA). We know from our past work, however, that the Department of Labor collects at least some data on the economic status of JTPA participants.

As the Congress contemplates changing the current employment training system, we believe it is essential that the new system hold program administrators accountable for the performance of their programs. Clearly defined performance standards are the cornerstone of any strategy to ensure accountability. But current reliable data are its lifeblood. Hopefully, efforts such as the recent Government Performance and Results Act[8] will require agencies to begin collecting the kinds of data needed to ensure individual program and overall system accountability.

Mr. Chairman, that concludes my prepared statement. At this time, I will be happy to answer any questions that you or other members of this committee may have.

Appendix I. Federal Employment and Training Programs—Proposed Funding Levels by Agency (Fiscal Year 1994)

(Dollars in millions)

Agency and programs[1]	1994 funding[2]	Included in analysis of 62 programs[3]	Included in analysis of 80 programs[4]
All programs (154)	**Total: $24,837.7**		
Action—3 programs	**Total: 100.0**		
Literacy Corps	5.3	x	
Foster Grandparent Program	66.4		
Senior Companion Program	29.2		
Department of Agriculture—(1) program	**Total: 162.7**		
Food Stamp Employment & Training	162.7	x	
Appalachian Regional Commission—(1) program	**Total: 11.2**		
Appalachian Vocational and Other Education Facilities and Operations	11.2	x	
Department of Commerce—(8) programs	**Total: 228.5**		
Minority Business Development Centers	24.4	x	
American Indian Program	1.9		
Economic Development—Grants for Public Works and Development	135.4	x	
Economic Development—Public Works Impact Program	5	x	
Economic Development—Support for Planning Organizations	24.8		
Economic Development—Technical Assistance	10.4		
Economic Development—State and Local Economic Development Planning	4.5	x	
Special Economic Development and Adjustment Assistance Program—Sudden and Severe Economic Dislocation and Long-Term Economic Deterioration	19.1	x	
Community Economic Adjustment	6	x	
Department of Defense—(2) programs	**Total: 72.8**		
Military Base Reuse Studies and Community Planning Assistance	6.0	x	
Transition Assistance Program	66.8	x	
Department of Education—(50) programs	**Total: 13,831.4**		
Even Start—State Educational Agencies	88.8	x	
Even Start—Migrant Education	2.7	x	
Women's Educational Equity	2.0	x	
Indian Education—Adult Education	4.9		
Migrant Education—High School Equivalency Program	8.1		
Migrant Education—College Assistance Migrant Program	2.3		
School Dropout Demonstration Assistance	37.7		
Adult Education—State Administered Basic Grant Program	261.5		x
Adult Education for the Homeless	10.0	x	x

[8]The Congress recently passed the Government Performance and Results Act of 1993, which will require agencies to gather program performance data. Specifically, the act requires agencies to (1) have a strategic plan for program activities; (2) establish program performance goals that are objective, quantifiable, and measurable; and (3) submit an annual report on program performance to the President and the Congress.

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Appendix I. Federal Employment and Training Programs—Proposed Funding Levels by Agency (Fiscal Year 1994)—Continued

(Dollars in millions)

Agency and programs[1]	1994 funding[2]	Included in analysis of 62 programs[3]	Included in analysis of 88 programs[4]
National Adult Education Discretionary Program	9.3	.....	X
Vocational Education—Demonstration Projects for the Integration of Vocational and Academic Learning	*	.....	X
Vocational Education—Educational Programs for Federal Correctional Institutions	*	.....	X
Vocational Education—Comprehensive Career Guidance and Counseling	*	.....	X
Vocational Education—Blue Ribbon Vocational Educational Programs	*	.....	X
Vocational Education—Model Programs for Regional Training for Skilled Trades	*	.....	X
Vocational Education—Business/Education/Labor Partnerships	*	.....	X
Vocational Education—Tribally Controlled Postsecondary Vocational Institutions	2.9	.....	X
Vocational Education—Tribal Economic Development	*	.....	X
Vocational Education—Basic State Programs	717.5	.....	X
Vocational Education—State Programs and Activities	81.3	X	.....
Vocational Education—Single Parents, Displaced homemakers, and Single Pregnant Women	69.4	X	X
Vocational Education for Sex Equity	31.1	X	X
Vocational Education—Programs for Criminal Offenders	9.6	X	X
Vocational Education—Cooperative Demonstration	*	X	X
Vocational Education—Indian and Hawaiian Natives	15.1	.....	X
Vocational Education—Opportunities for Indians and Alaskan Natives	*	.....	X
Vocational Education—Community Based Organizations	11.8	X	X
Vocational Education—Bilingual Vocational Training	0.0	.....	X
Vocational Education—Demonstration Centers for the Training of Dislocated Workers	*	.....	X
Vocational Education—Consumer and Homemaking Education	0.0	.....	X
Vocational Education—TechPrep Education	104.1	.....	X
National Workplace Literacy Program	22.0	.....	X
English Literacy Program	0.0	.....	X
Literacy for Incarcerated Adults	5.1	.....	X
National Center for Deaf-Blind Youth and Adults	6.7	.....	X
State Literacy Resource Centers	7.9	.....	.....
Student Literacy Corps	6.1	X	.....
Federal Pell Grant Program[5]	2,846.9	X	X
Guaranteed Student Loans[5]	5,889.0	X	X
Federal Supplemental Education Opportunity Grants[5]	125.0	X	X
Upward Bound	160.5	X	X
Talent Search	67.0	X	X
Federal Work Study Program[5]	89.6	X	X
Federal Perkins Loan Program—Federal Capital Contributions[5]	13.0	X	X
Grants to States for State Student Incentives	0.0	X	X
Educational Opportunity Centers	23.3	X	X
Higher Education—Veterans Education Outreach Program	3.1	.....	X
Student Support Services	110.3	X	X
Postsecondary Education Programs for Persons with Disabilities	8.8	.....	X
Rehabilitation Services Basic Support—Grants to States	1,933.4	.....	X
Rehabilitation Services Basic Support—Grants for Indians	6.4	.....	X
Rehabilitation Services Service Projects—Handicapped Migratory and Seasonal Farm Workers	1.2	.....	X
Rehabilitation Services Service Projects—Special Projects and Demonstrations for Providing Vocational Rehabilitation Services to Individuals With Severe Disabilities	19.9	.....	X

Appendix I. Federal Employment and Training Programs—Proposed Funding Levels by Agency (Fiscal Year 1994)—Continued

(Dollars in millions)

Agency and programs[1]	1994 funding[2]	Included in analysis of 62 programs[3]	Included in analysis of 80 programs[4]
Rehabilitation Services Service Projects—Supported Employment	10.6	.....	X
Projects With Industry Programs	21.6	.....	X
Supported Employment Services for Individuals with Severe Handicaps	33.1	.....	X
Comprehensive Services for Independent Living	15.8	.....	.....
Library Literacy	0.0	X	.....
School to Work[5]	135.0	.....	X
Public Library Services	[7]	.....	.....
Department of Health and Human Services—(14) programs	**Total: 2,283.5**	.....	.....
Job Opportunities and Basic Skills Program	825.0	X	X
Community Services Block Grant	352.7	X	X
Community Services Block Grant—Discretionary Award	39.7	X	X
Community Services Block Grant Discretionary Awards—Demonstration Partnership	4.4	X	X
Refugee and Entrant Assistance—Discretionary Grants	12.6	.....	X
Refugee and Entrant Assistance—State Administered Programs	84.4	.....	X
Refugee and Entrant Assistance—Voluntary Agency Programs	39.9	.....	X
Community Demonstration Grant Projects for Alcohol and Drug Abuse Treatment of Homeless Individuals	[7]	.....	.....
Family Support Centers Demonstration Program	6.9	.....	X
State Legalization Impact Assistance Grants	809.9	.....	X
Transitional Living for Runaway and Homeless Youth	11.8	.....	.....
Independent Living	16.2	.....	.....
Scholarships for Health Professions Students From Disadvantaged Backgrounds	[7]	.....	.....
Health Careers Opportunity Program	[7]	X	.....
Department of Housing and Urban Development—(4) programs	**Total: 383.4**	.....	.....
Emergency Shelter Grants Program	51.4	.....	.....
Supportive Housing Demonstration Program	164.0	.....	.....
Youthbuild[10]	88.0	.....	.....
Family Self-Sufficiency Program	[11]	X	.....
Department of the Interior—(2)	**Total: 20.9**	.....	.....
Indian Employment Assistance	16.9	X	.....
Indian Grants—Economic Development	4.0	.....	.....
Department of Labor—(38) programs	**Total: [9]7,141.5**	.....	.....
JTPA IIA Training Services for the Disadvantaged—Adult	793.1	X	X
JTPA IIA State Education Programs	82.4	X	X
JTPA IIA Incentive Grants	51.5	X	X
JTPA IIA Training Programs for Older Individuals	51.5	X	X
JTPA IIC Disadvantaged Youth	563.1	.....	X
JTPA IIC Disadvantaged Youth—Incentive Grants	34.3	.....	X
JTPA IIC Disadvantaged Youth—State Education Programs	54.9	.....	X
JTPA IIB Training Services for the Disadvantaged—Summer Youth Employment and Training Program (Regular)	1,688.8	X	X
JTPA IIB Summer Youth Employment and Training Program (Native American	[12]	X	X
JTPA EDWAA—Dislocated Workers (Substate Allotment)[13]	229.5	.....	X
JTPA EDWAA—Dislocated Workers (Governor's Discretionary)[13]	229.5	.....	X
JTPA EDWAS—Dislocated Workers (Secretary's Discretionary)[13]	114.7	.....	X
JTPA Defense Conversion Adjustment Program	[14]	.....	X

Appendix I. Federal Employment and Training Programs—Proposed Funding Levels by Agency (Fiscal Year 1994)—Continued

(Dollars in millions)

Agency and programs[1]	1994 funding[2]	Included in analysis of 62 programs[3]	Included in analysis of 90 programs[4]
JTPA Defense Diversification	15		X
JTPA Clean Air Employment Transition Assistance	10		X
JTPA—Migrant and Seasonal Farmworkers	78.3	X	X
JTPA—Employment and Training Research and Development Projects	11.2		X
JTPA Employment Services and Job Training—Pilot and Demonstration Programs	35.1	X	X
JTPA—Native American Employment and Training Programs	61.9	X	X
JTPA Job Corps	1,153.7	X	X
Federal Bonding Program	0.2	X	
Senior Community Service Employment Program	421.1	X	X
Apprenticeship Training	17.2		
Trade Adjustment Assistance—Workers	215.0	X	X
Targeted Jobs Tax Credit	19.2	X	X
Employment Service—Wagner Peyser State Grants (7a)	734.8	X	X
Employment Service—Wagner Peyser Governor's Discretionary Funds (7b)	81.6	X	X
Labor Certification for Alien Workers	58.6		
Interstate Job Bank	1.9		X
Youth Fair Chance[11]	25.0		X
One-Stop Career Centers[11]	150.0		X
Veterans Employment Program	9.0		X
Disabled Veterans Outreach Program	84.0	X	X
Local Veterans Employment Representative Program	77.9		X
Homeless Veterans Reintegration Project[12]	[7]		X
Job Training for the Homeless Demonstration Project	12.5	X	X
Office of Personnel Management—(1) program	**Total: [13]**		
Federal Employment for Disadvantaged Youth—Summer	[13]	X	
Small Business Administration—(8) programs	**Total: 187.4**		
Management and Technical Assistance for Socially and Economically Disadvantaged Businesses	8.1		
Small Business Development Center	67.0		
Women's Business Ownership Assistance	1.5		
Veteran Entrepreneurial Training and Counseling	0.4		
Service Corps of Retired Executives Association	3.1		
Business Development Assistance to Small Business	20.9	X	
Procurement Assistance to Small Business	33.7		
Minority Business Development	22.7	X	
Department of Transportation—(1) program	**Total: 1.5**		
Human Resource Program	1.5		
Department of Veterans Affairs—(12) programs	**Total: 1,418.8**		
All-Volunteer Force Educational Assistance	895.1		
Selected Reserve Educational Assistance Program	[14]		
Survivors and Dependents Educational Assistance	109.1		
Vocational Rehabilitation for Disabled Veterans	245.1		
Post-Vietnam Era Veterans Educational Assistance	42.4		
Hostage Relief Act Program	[7]		
Vocational Training for Certain Veterans Receiving VA Pensions	[7]	X	
Vocational and Educational Counseling for Servicemembers and Veterans	[7]		
Service Members Occupational Conversion and Training	64.5		
Health Care for Homeless Veterans	28.3		
Domiciliary Care for Homeless Veterans	23.4		

Appendix I. Federal Employment and Training Programs—Proposed Funding Levels by Agency (Fiscal Year 1994)—Continued

(Dollars in millions)

Agency and programs[1]	1994 funding[2]	Included in analysis of 62 programs[3]	Included in analysis of 88 programs[4]
Housing and Urban Development/Veterans Affairs—Supported Housing	2.1		

[1] Programs identified are federally funded and provide for (1) assisting the unemployed, (2) creating employment, and (3) enhancing employability. The programs provide services to out-of-school youth and adults not enrolled in advanced-degree programs.

[2] The proposed fiscal year 1994 funding amounts shown in appendix I are based primarily on the President's proposed budget, dated April 8, 1993. In those instances, when agency officials were able to provide us an estimate of the proportion of the proposed budget that was used to provide assistance to adults and out-of-school youth, the amount shown has been adjusted. However, in other instances, when the portions of funds used for adults and out-of-school youth could not be determined, the amount is shown for the entire program.

[3] Programs included in analysis were those identified as providing some assistance to the economically disadvantaged.

[4] The 88 programs for which the committee requested information represent about 90 percent of the funding budgeted in fiscal year 1994 for employment training assistance. Of the 88 programs, 36 were also included in our analysis of the 62 programs.

[5] Economic Development-Public Works Impact: program funds included in Grants for Public Works and Development Facilities.

[6] Community Economic Adjustment: funds allocated in 1993 are used to support programs in out years until funding is depleted.

[7] Data not available at this time.

[8] Education loan program: amounts shown are estimates of loans for associate and nondegree programs, when possible to differentiate.

[9] School to Work: program proposed for fiscal year 1994. Funded at $270.0 million, split evenly between the Departments of Education and Labor. Department of Education funding is from Carl Perkins Act: $15 million from National Programs-Research and Development and $120 million from Cooperative Demonstrations Program. Department of Labor funding is from the Job Training Partnership Act (JTPA).

[10] Youthbuild: program proposed for fiscal year 1994.

[11] Family Self-Sufficiency Program: job training, education, and support services are paid for by other programs, such as Job Opportunities and Basic Skills Training (JOBS) and JTPA. Federal funds may be used to cover local administrative costs. For fiscal year 1993, appropriations for operating subsidies permit the payment of $25.9 million to cover the administrative costs of operating the Family Self-Sufficiency program.

[12] JTPA IIB: Summer Youth Employment and Training Program (Native American): funding included in JTPA IIB (Regular) program total.

[13] The actual funding for the JTPA Title III EDWAA program was increased significantly from the budget request dated April 8, 1993. The proposed funding for substate areas of $229.5 million was increased to $537 million. The proposed funding for the EDWAA Governor's Discretionary Fund was also $229.5 million, but was increased to $357 million. Similarly, the Secretary's Discretionary funds were increased from $114.7 million to $223 million.

[14] JTPA Defense Conversion Adjustment Program: funds allocated in 1991 used to support programs in out years until funding is depleted.

[15] JTPA Defense Diversification: funds allocated in 1993 used to support programs in out years until funding is depleted.

[16] JTPA Clean Air Employment Transition Assistance: no funds were appropriated for the Clean Air Act in fiscal year 1994.

[17] New program in 1994.

[18] The Homeless Veterans Reintegration Project was inadvertently omitted from our analysis of programs serving the economically disadvantaged.

[19] Federal Employment for Disadvantage Youth—Summer: program coordinated by Office of Personnel Management, but carried out by numerous federal agencies. Obligations devoted to administration not separately identifiable.

[20] Selected Reserve Educational Assistance Program: funding included in All-Volunteer Force Educational Assistance total.

[21] Hostage Relief Act Program: replace by the Omnibus Diplomatic Security and Anti-Terrorist Act of 1986. No program funding used in any year, but available.

[22] Vocational and Educational Counseling for Servicemembers and Veterans: program funds included in other veterans programs, such as the All-Volunteer Force Educational Assistance Program.

Appendix II—Related GAO Reports

Multiple Employment Training Programs: How Legislative Proposals Address Concerns 1GAO/T-HEHS-94-221, Aug. 4, 1994).

Multiple Employment Training Programs: Overlap among Programs Raises Questions About Efficiency (GAO/HEHS-94-193, July 11, 1994).

Multiple Employment Training Programs: Conflicting Requirements Underscore Need for Change (GAO/HEHS-94-120, Mar. 10, 1994).

Multiple Employment Training Programs: Major Overhaul Is Needed (GAO/T-HEHS-94-109, Mar. 3, 1994).

Multiple Employment Training Programs: Most Federal Agencies Do Not Know If Their Programs Are Working Effectively (GAO/HEHS-94-88, Mar. 2, 1994).

Multiple Employment Training Programs: Overlapping Programs Can Add Unnecessary Administrative Costs (GAO/HEHS-94-80, Jan. 28, 1994).

Multiple Employment Training Programs: Conflicting Requirements Hamper Delivery of Services (GAO/HEHS-94-78, Jan. 28, 1994).

Multiple Employment Programs: National Employment Training Strategy needed (GAO/T-HRD-93-27, June 16, 1993).

Multiple Employment Programs: (GAO/HRD-93-26R, June 15, 1993).

The Job Training Partnership Act: Potential for Program Improvements but National Job Training Strategy Needed (GAO/T-HRD-93-18, April 29, 1993).

Multiple Employment Programs (GAO/HRD-92-39R, July 24, 1992).

Prepared Statement of Harold T. Epps

Thank you Mr. Chairman, for the opportunity to appear here today on behalf of the National Association of State Job Training Coordinating Council and Human Resource Investment Council Chairs. We appreciate the attention this committee is

giving to the problem of multiple and fragmented training, employment and education programs, and are pleased to have the opportunity to present the perspective of the Chairs Association on this critical issue.

Let me start by saying that the Chairs Association strongly supports the bi-partisan effort to reform and consolidate Federal training programs that you, Mr. Chairman and Senator Kassebaum announced this past summer. You will find that the positions presented in my statement on behalf of the Chairs Association, support the principles presented in your joint statement. We have appreciated the opportunity to work with your respective staff in crafting this bi-partisan legislation and look forward to working with you in the future.

As Chairs, we bring to these issues both the perspective of the private sector and the views of our respective Governors. In 1993, the Chairs Association issued a policy paper entitled *Bring Down the Barriers* that identified major barriers to an integrated, high quality work force investment system. The paper asserted that the Nation's economic future depends on finding common ground to advance the development of its work force. A number of policy recommendations are presented to maximize current programs and systems as the Nation transitions from a collection of independent overlapping employment and training programs and services, to a comprehensive, integrated system that is guided by the mission of building a globally competitive work force.

Since the *Barriers* paper was issued, several reports have been published by the General Accounting Office (GAO) highlighting the proliferation, fragmentation, and inconsistency of work force development programs and calling for the consolidation and reporting requirements. Also, a variety of legislative proposals have been introduced in the U.S. House and Senate calling for various degrees of program consolidation and streamlining of the current system

While these legislative initiatives show that considerable progress being made in the national debate, what has yet to be proposed is a national work force development system that restructures the fragmented mix of Federal work force programs, administered by a variety of Federal agencies, into a rational, customer-driven system that provides a continuum of opportunities for life-long learning supported by a private-public partnership.

The Chairs' Association members believe that this Nation does not have a luxury of time or resources to totally dismantle the current system and rebuild it from the ground up. Rather, we believe that by thinking strategically and drawing on the best practices from the current mix of public programs and the experiences of the private sector, it is possible to quicken the transition and consolidate and streamline these programs into a "world class" system. Based on this premise, the Chairs initiated a process for proposing a framework for such a system. After many hours of discussion and debate, we reached consensus on a policy paper entitled *Advancing America's Workforce* in which we present a framework for the next generation of a national work force investment system.

I would like to submit a copy of this paper as part of my testimony. It is a discussion draft that we are going public with at this hearing and plan to disseminate to other public interest groups, administration officials and Congressional Members and staff to prompt further discussion with the goal of reaching consensus on a framework for a national system.

For the remainder of my testimony I will highlight key points from the paper and draw on the Massachusetts experience in restructuring our work force development system to illustrate some of these points.

We believe the purpose of a national work force investment system is to provide every youth and adult with the opportunity for continuously upgrading their skills in order to advance economically and socially throughout their lifetime; and in turn to provide employers with the skilled workers necessary to be competitive in the 21st century global marketplace.

The customers of the system are all youth and adults, including those in transition from school to work, welfare to work, work to work (job improvement and skill upgrade) and others in a variety of career transitions, are included as customers of the system and eligible for services; and **all employers,** including individual entrepreneurs, and small, medium, and large firms, are both customers and users of the system.

We outline **seven guiding principles** in the paper for restructuring the system. These are:

- **Market-driven with customer choice**—The system must be designed to address local labor market needs focusing on the needs of individuals and employers. It should be easily accessible and responsive to the needs of these customers, providing customer choice through good labor market and provider performance information and a variety of funding vehicles.

- **Private sector leadership and direct involvement**—Employers and workers must be involved with the public sector in governance at all levels of the system and in defining the outcomes to be achieved by the system.
- **Outcome-based and accountable**—The system should be guided by a set of clear simple and measurable outcomes that are defined at the national level and adjusted or added to at the State and local levels based on customer needs.
- **State-based and locally designed and delivered**—States and localities must have the flexibility to design a system that reflects statewide and local labor market need, which includes the authority to integrate similar programs, determine appropriate governance for the system, and set outcome-based standards for services. Responsibility for design of the service delivery system should rest with entities closest to the customer.
- **Streamlined governance and operation**—consolidate and streamline existing work force development programs across all relevant Federal agencies to include:
- **Continuous system of lifelong learning**—The system should encourage and support lifelong learning and concentrate on moving individuals into jobs to gain experience in the labor market as early as possible supported by ongoing education and training opportunities to continuously upgrade their knowledge and skills.
- **Connect work force and economic development**—Work force development must be part of the Federal, State and local economic competitiveness strategies to ensure that the supply of workers matches the demands of the local labor market and that good paying jobs are available for all workers.

To ensure that these principles are carried out, the system must be governed through a new Federal, State, and local partnership with clearly defined roles and responsibilities at each level.

The governance structure should include work force investment policy boards at all levels of the system with strong private sector representation along with representation from all key stakeholders in the system.

The accountability and quality assurance system should be built on a new Federal, State and local partnership that provides States and localities greater flexibility in the design and operation of the work force investment system and relief from rigorous reporting and auditing requirements. In exchange for greater flexibility, State and localities should put in place accountability systems and continuous improvement processes tied to performance in achieving outcomes for the system.

Responsibility for investing in the system rests with all stakeholders with an interest in the system. The system should be supported by resources available at all levels of the system. Government funds should be used to build and maintain the infrastructure and provide access to and delivery of quality services while leveraging private sector investments and encouraging individual investments.

Sufficient public and private resources should be available to support the outcomes expected from the system. Any requirements imposed on the system by Federal, State, or local governments should be supported with revenues generated by the appropriate level of government. Performance and accountability measures should built into the system to ensure the appropriate expenditure of funds and to assure the stockholders (both public and private) that they are receiving an adequate return to justify their investment.

There are key features that should define the service delivery under the new system. These include:

- **Universal access and eligibility for all customers**—Access to the system should be based on need and not be restricted by eligibility for any one program.
- **Customer choice and responsibility**—Service delivery should be designed to reinforce customer decision-making responsibility and to provide a variety of avenues to receiving information and services.
- **Convenient local points of service**—Customers should have access to all available information and services in the system without regard to the point of entry (Access should be conveniently located within the community and not be confined to one specific site or geography).
- **Comprehensive services**—The system should have the capacity to customize and provide a broad range of services to individuals and the employers.
- **Compatible information and integrated data systems**—Intake should be streamlined so that customers do not have to provide the same information to the system each time they access it.

• **Broad visibility**—The system should have a universal identifier that is easily recognized and understood by all customers.

RECOMMENDATIONS

A major step in restructuring the Nation's work force development system requires the Federal Government to establish a national work force investment policy—a coherent, consistent, comprehensive framework that connects existing public, private, and nonprofit education and training programs and sets forth national priorities for directing resources throughout the system. Such a policy framework should support lifelong learning as a fundamental principle and be flexible enough to guide future responses to changes in the economic/social environment.

To initiate a national work force investment policy, the State Chairs Association recommends the following action with shared Federal, State, and local responsibility across the public and private sectors.

1. Create a system that reinforces individual responsibility and provides customer choice and easy access to services.

For example:

Encourage individuals to invest in the continuous upgrading of their knowledge and skills by establishing tax-deferred saving vehicles such as individual training accounts and, and provide tax credits for work—or career-related education and training expenses. Support research and demonstration pilots to test these concepts.

Develop a national labor market information system as the heart of the work force investment system that is centralized at the Federal and State levels, based on current local labor market information, and makes optimum use of advanced technology to provide multiple, user-friendly access points at the local level.

2. Create a strong partnership with the private sector.

Encourage States and localities to establish work force investment boards with strong private sector representation, chaired by business, and responsible for strategic planning and program oversight.

Support upgrading of incumbent workers, particularly those at risk of losing their jobs in small and medium-sized firms by providing Governors with discretionary authority to channel a percentage of Federal work force investment resources to encourage employer initiatives in this area.

3. Redefine Federal, State, and local relationships.

Enact legislation to consolidate the current myriad of Federal programs into block grants to States based on major program clusters such as youth preparation for work, adult entry to work worker re-entry, and worker skill upgrading.

Centralize the administration of the work force investment programs into one Federal agency and provide incentives to encourage States to take similar action.

Create a Federal work force investment board to oversee all Federal work force development related programs and to advise the President and Congress on national work force investment policy.

Promote strategic planning of work force investment resources across programs at both the State and local levels by allowing States and localities to prepare a single work force investment plan for all Federal work force development programs.

4. Connect work force investment, education, and economic development activities at all levels within the system.

Include the U.S. Secretaries of Commerce, Education, Health and Human Services and Labor as members of the National Workforce Investment Board.

Include representation from work force and economic development agencies and educational institutions on State and local work force investment boards.

5. Establish clear, simple and measurable outcomes for the system.

Define national outcomes measures related to employment, job retention, earnings, and academic and occupational competencies gained by individuals assisted by services available through the system.

Allow States and localities the option to further define outcome measures related to the unique needs of the State or local labor market.

Develop common definitions, data elements, and reporting requirements to be applied throughout the system.

Mr. Chairman, as you know over the 4 years, Massachusetts has taken a number of steps to move in the direction that the State Chairs are recommending. There is much States can do today at the State and local level. In Massachusetts, we have the MassJobs Council which has broad policy setting and oversight responsibility under Massachusetts law for some 40 job related education and training programs. We also have 16 regional employment boards that have similar authority at the local level. We have very good private sector involvement, we are moving in the direction of being customer driven and we have gotten annual appropriations from the legislature to supplement Federal funds for work force development initiatives. In Massachusetts, we also believe that setting up a competitive environment for the related education, training and employment services will most rapidly transform the system to one that best serves the individuals and employers who seek the services.

In addition, we have focused our employer interface, in part, around Michael Porter's notion of industry clusters as a way of directing our funding. The best example we have of this in Massachusetts is our biotech industry. They prescribe the curriculum, the educational institutions train to that curriculum and over 2 years, 5 programs have trained and the biotech industry has hired 125 re-trained workers at good wages.

But the sheer number and complexity of the programs is almost overwhelming. In this new economic era, the public system must be able to be less bureaucratic, more customer driven and more responsive. This is the area the Federal legislature must provide some relief.

The recommendation I cited just a moment ago will go a long way toward building the kind of system that is needed. The employers will work with us if we have the ability to respond to their needs in a timely efficient way. Their most significant variable is time. Having the right worker on the job with the right skills enables the employer to have the right product at the right time to meet the needs of the customer. In the new partnership, all parties have to be able to work in synch. In today's environment, this is more difficult than it needs to be.

In conclusion, the framework proposed by the State Chairs Association and experience in Massachusetts calls for significant systemic change in the structure, administration and operation of work force development programs in this country that builds on the best practices in the current system. It should ultimately result in providing individuals the tools they need to assume greater responsibility for their economic and social advancement and employers the means to access and train the skilled workers they need to remain competitive.

The Chairs Association believes that advancing the knowledge and skills of America's current and future work force in fundamental to the Nation's economic competitiveness today and into the 21st century. We have proposed a framework for restructuring the current fragmented, system of employment and training programs into a unified work force investment system with the goal of a competitive work force by investing in opportunities for life long learning. Responsibility for achieving this end rests with government, education, business, labor and each individual—it is a shared responsibility.

The National Association of State Chairs accepts our responsibility to achieve these ends, and we pledge our commitment to work with Congress and the administration, along with other key national partners, in developing a new national strategy.

Thank you again for your time and attention to this important issue.

ADVANCING AMERICA'S WORKFORCE

DISCUSSION DRAFT—SEPTEMBER 28, 1994

This paper presents be National Association of State Job Training Coordinating Council and Human Resource Investment Council Chairs' framework for how to restructure be nation's work force development system. It calls for a coherent, comprehensive system that provides youth and adults the opportunities to prepare for and advance in the labor market throughout their lifetime while providing employers the skilled workers (entry level and incumbent) they need to remain competitive in the global economy.

I. BACKGROUND

In 1993, the National Association of State Job Training Coordinating Council/ Human Resource Investment Council Chairs issued a policy paper entitled *Bring Down the Barriers* that identified major barriers to a integrated, high quality work

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force investment system. The paper asserted that the Nation's economic future depends on finding common ground to advance the development of its work force. A number of policy recommendations were presented to maximize current resources as the Nation transitions from a collection of independent, overlapping employment and training programs and services, to a comprehensive, integrated system. The mission of this system is to build a globally competitive work force.

Since the *Barriers* paper was issued, the General Accounting Office (GAO) has published several reports highlighting the proliferation, fragmentation, and inconsistency of work force development programs and calling for the consolidation of these programs into a comprehensive system that operates on the basis of common outcomes, definitions, and reporting requirements. Also, several legislative proposals have been introduced in the U.S. House and Senate calling for various degrees of program consolidation and streamlining of the current system.

Although these legislative initiatives show that considerable progress is being made in the national debate, what has yet to the proposed is a national work force development system that restructures the now-fragmented mix of Federal work force programs, which are administered by a variety of Federal, State, and local agencies into a rational, customer-driven system that provides a continuum of opportunities for lifelong learning supported by a private-public partnership.

Chairs Association members believe that this Nation does not have the luxury of time or resources to totally dismantle the current system and rebuild it from the ground up. Rather, by thinking strategically and drawing on the best practices from the current mix of public programs, with their broad range of providers, and the experiences of the private sector, it is possible to quicken the transition and consolidate and streamline these programs into a "world class" system. Based on this premise, the chairs agreed to initiate a process for proposing a framework for such a system. *Advancing America's Workforce* begins this process.

II. FRAMEWORK FOR A NATIONAL WORK FORCE INVESTMENT SYSTEM

Designing the next generation of a national work force investment system first requires a major shift from a mind-set of curing the needs of clients to a vision of investing in the potential of individual workers that preserves the commitment to those individuals with the greatest needs. This requires:

- moving from programs that stigmatize and classify individuals as members of various marginal, dependent populations to a system that respects individuals as customers who have unique talents and capabilities and the potential to take responsibility for their economic well-being;
- moving from an unemployment system designed in the 1930s to deal with temporary layoffs and minimal skill development, to an employment and investment system designed for the 21st century to deal with major economic shifts resulting in permanent layoffs and significant retraining needs;
- moving from low-skill, short-term training programs to a high skill training system that provides continuous education and training opportunities leading to skill advancement and economic security; and
- moving from a patchwork of second-chance, disconnected programs targeted to specific populations to a coherent, comprehensive, outcome-driven system with universal access and eligibility that is part of a mainstream system of lifelong learning valued and used by individuals and employers alike and mutually supported by public and private resources.

Purpose of a national work force investment system:

To provide every youth and adult with the opportunity for continuously upgrading their skills in order to advance economically and socially throughout their lifetime, and in turn, to provide employers with the skilled workers necessary to be competitive in the 21st century global marketplace, thereby contributing to a strong United States economy.

Guiding Principles

- **Market-driven with customer choice.** The system must be the designed to address the needs of individuals and employers in local labor markets. It be should easily accessible and responsive to the needs of these customers, providing customer choice through good information on the labor market, provider performance, and a variety of funding vehicles. Customers should have the option to select the best service providers available in their community, and service providers should the accountable to customers for delivering high quality services and meeting high performance standards.

- **Private sector leadership and direct involvement.** Employers and workers must the involved in governance at all levels of the system and in defining the outcomes to be achieved by the system. The public and private sectors must share responsibility for achieving these outcomes. The system must be valued and used by employers and workers, provide a direct link to private sector training systems and promote and support work-based training, especially in small and medium-sized firms.
- **Outcome-based and accountable.** The system should the guided by a small set of clear and readily measurable outcomes that are defined at the national level and adjusted or added to at the State and local levels based on customer needs. Performance management systems should be in place throughout the system to measure the value added at each level of the system and by each intervention. Methods to continuously improve the achievement of outcomes and the evaluation of impacts should the applied throughout the system.
- **State-based and locally designed and delivered.** States and localities must have the flexibility to jointly design a system that reflects statewide and local labor market needs, with the authority to integrate similar programs, determine appropriate governance for the system, and set outcome-based standards for services. Responsibility for design of the service delivery system should rest with entities closest to the customer.
- **Streamlined governance and operation.** Consolidate and streamline existing work force development programs across all relevant Federal agencies by simplifying governance at all levels; modifying funding approaches; consolidating planning at State and local levels; utilizing common definitions throughout the system; establishing standard eligibility requirements, synchronizing program operating years; simplifying fiscal management and reporting systems; and integrating with other public and private support systems.
- **Continuous system of lifelong learning.** The system should encourage and support lifelong learning and concentrate on moving individuals into jobs to gain experience in the labor market as early as possible, supported by ongoing education and training opportunities to continuously upgrade their knowledge and skills. This requires a seamless system that connects elementary, secondary, post secondary, adult, and work-based training and education supported by public and private resources. The system should the guided by a common set of academic and occupational skill standards leading to portable credentials that are updated as needed.
- **Connect work force development.** Work force development activities must be part of the Federal, State and local economic competitiveness strategies to ensure that the supply of workers matches the demands of the local and national labor markets and that good paying jobs are available for all workers. This entails creating competitive workplaces by encouraging the adoption of high performance methods of operation, supporting job creation and retention activities, and investing in worker training.

Customers

- **All youth and adults,** including those in transition from school to work, welfare to work, unemployment to work, work to work (job improvement and skill upgrade) and others in a variety of career transitions, are included as customers of the system and are eligible for services.
- **All employers,** including individual entrepreneurs and small, medium, and large firms, are both customers and users of the system.

Key Products

- **Information** that is easily accessible and understandable is the life blood of the system. It must be comprehensive, available in a timely manner, and delivered through a variety of mediums, including automated technology. Customer information should include job openings and requirements, training and education opportunities, available support services, occupational skill and education requirements, and available providers and their performance records.
- **Quality services,** that effectively meet individual and employer needs, define the performance of the system. Services must be comprehensive (including employment, education, training and support services), easily accessible and understandable, readily available, and tied to employment opportunities and career advancement.

Governance

The system must the governed through a new Federal-State-local partnership with clearly defined roles and responsibilities at each level. Overall direction and oversight for the system should be provided at the Federal level with less policing of process and procedures. States and localities should have greater flexibility in the design of the system and the delivery of services with increased accountability for achieving outcomes across the system and improving responsiveness to customers.

Federal role—Framing the vision for the system, developing broad policy, establishing national priorities, policies, and performance standards; evaluating and disseminating best practices; providing technical assistance and support for capacity building; and maintaining funding consistency.

State role—Defining a State vision, establishing statewide priorities, policies, and performance standards; developing a statewide strategic plan; building Federal-State and State-local partnerships; determining funding needs in consultation with localities; deciding on substate funding allocations based on needs; providing technical assistance and capacity building support; and overseeing the State system.

Local role—Developing a strategic plan, based on local priorities; designing and administering the local delivery system, including establishing performance measures, overseeing and evaluating performance of local providers, determining customer satisfaction, and implementing processes to continually improve the quality of services.

The governance structure should include work force investment policy boards at all levels of the system with strong private sector representation along with representation from all key stakeholders in the system.

Federal Workforce Investment Board—To be appointed by the President, in consultation with Congress. Membership should include relevant department heads and representatives from business, labor, State and local government, and service provider organizations.

Responsibilities of the board should include advising the President and Congress on work force related policy issues; establishing broad Federal work force investment policy; establishing a central expedited process for waiver approval; establishing core definitions, reporting requirements, performance measures and audit/compliance requirements; engaging in integrated, strategic planning; conducting research and evaluation and proposing changes as needed; and overseeing the operation of a national labor market system.

State Workforce Investment Board—To be established and appointed at the discretion of the Governor with majority business representation and representation from labor, State and local government, education, and other stakeholders.

Responsibilities of the State board should include advising the Governor and State legislature on work force issues; broad policy authority for establishing State goals and directing resources to meet the goals; establishing outcomes and performance measures, establishing the governance structure and overall framework for the State work force investment system, including a quality assurance system; overseeing the operation of State labor market information system; and providing technical assistance and capacity building.

Local Workforce Investment Board—To be established based on agreement between the Governor and local elected officials, and appointed by local elected officials with majority business representation and representation from labor, education, community organizations, and other stakeholders.

Responsibilities should include strategic planning and budgetary authority, including the development of a single local work force investment plan; setting local performance measures and establishing a local performance management system; designing and overseeing the operation of the local service delivery system, including the provision of labor market information; and monitoring, evaluating, and documenting provider performance.

Key Features of the Service Delivery System

- **Universal access and eligibility for all customers.** Access to the system should he based on need and not be restricted by eligibility for any one program. Everyone in need of and seeking services should have equal opportunity and be eligible to receive a core set of services while ensuring that the most in need are not left behind. Common criteria should be in place for determining eligibility to access more intensive services.

- **Customer choice and responsibility.** Service delivery should the designed to reinforce customer decision-making and to provide a variety of avenues to receiving information and services.
- **Convenient local points of service.** Customers should have access to all available information and services in the system without regard to the point of entry. Access should the conveniently located within the community and not be confined to one specific site or area.
- **Comprehensive services.** The system should have the capacity to customize and provide a broad rage of services to individuals and employers. The system should be *transparent* to the customers so they can receive needed services without concern for what funding track or program they are eligible for. Services should the provided using a variety of assessment and delivery mechanisms, including electronic tools.
- **Compatible information and integrated data systems.** Intake should the streamlined so that customers do not have to provide the same information to the system each time they access it. Customer records should be transferable between service providers on a need-to-know basis, while maintaining confidentiality as required by the customer.
- **Broad visibility.** The system should have a universal identifier that is easily recognized and understood by all customers. Various methods of promoting the benefits of the system should be implemented to ensure that everyone, particularly those out of the mainstream and in greatest need, are aware of the available services and have equal opportunity to access them.

Investment Resources

Responsibility for investing in the system rests with all stakeholders who stand to benefit from the system. The system should be supported by resources provided at all levels of the system. Government funds should be used to build and maintain the infrastructure and provide access to and delivery of quality services while leveraging private sector investments and encouraging individual investments.

Sufficient public, private, and personal resources should the available to support the outcomes expected from the system. Any requirements imposed on the system by Federal, State, or local governments should the supported with revenues generated by the appropriate level of government. Performance and accountability measures should be built into the system to ensure the appropriate expenditure of funds and to assure the stakeholders (both public and private) that they are receiving an adequate return to justify their investment.

Accountability and Quailty Assurance

The accountability and quality assurance system should be built on a new Federal-State-local partnership that provides States and localities greater flexibility in the design and operation of the work force investment system and relief from rigorous reporting and process audits. In exchange for greater flexibility, State and localities should put in place accountability systems and continuous improvement processes tied to performance in achieving outcomes defined for the system.

The accountability and quality assurance system should include the following features:

- outcomes that are clear, measurable, connected to length of employment and self-sufficiency, and that take into account State and local social and economic factors;
- shared Federal, State, and local responsibility in defining standards and measures, with State and local responsibility for establishing the criteria for measuring program success based on customer input;
- high-level performance standards tied to outcomes established at each level;
- streamlined performance management system across programs with common definitions and data elements, common reporting and auditing requirements, and standardized fiscal and administrative procedures and cost categories, and compatible information systems;
- sanctions for nonperformance and rewards for exemplary performance that are clearly defined, understood, and carried out at all levels;
- evaluation to determine the impact of the system and the return on investment and to identify best practices based on customer achievement and satisfaction; and
- continuous improvement based on best practices to improve customer satisfaction and advancement and to meet changing needs.

III. RECOMMENDATIONS

A major step in restructuring the Nation's work force development system requires the Federal Government to establish a national work force investment policy—a coherent, consistent, comprehensive framework that connects existing public, private, and nonprofit education and training programs and sets forth national priorities for directing resources throughout the system. Such a policy framework should support lifelong learning as a fundamental principle and be flexible enough to guide future responses to changes in the economic/social environment.

To initiate a national work force investment policy, the National Association of State Job Training Coordinating Council and Human Resource Investment Council Chairs recommends the following action with shared Federal, State, and local responsibility across the public and private sectors.

1. Create a system that reinforces individual responsibility and provides customer choice and easy access to services.

Encourage individuals to invest in the continuous upgrading of their knowledge and skills by establishing tax-deferred saving vehicles such as individual training accounts, and provide tax credits for work- or career-related education and training expenses. Support research and demonstration pilots to test these concepts.

Provide incentives, in the form of governors' discretionary funds or demonstration grants, to implement alternative payment vehicles such as training vouchers that promote individual choice and responsibility.

Develop a national labor market information system as the heart of the work force investment system that is centralized at the Federal and State levels, is based on current local labor market information, and makes optimum use of advanced technology to provide multiple, user-friendly access points at the local level.

Establish local points of service ("one-stop" or "no wrong door" access points) that are easily accessible, and provide a core set of services including intake, assessment, job search, and referral to academic, occupational, or job training services.

Include, as a component of each State's quality assurance system, customer information on provider performance that is readily available and useful to individuals and employers.

Develop a national logo that becomes the symbol of quality for the national system and is part of a marketing strategy to promote lifelong learning as a individual and societal responsibility.

2. Create a strong partnership with the private sector.

Encourage States and localities to establish work force investment boards that have strong private sector representation, are chaired by business, and are responsible for strategic planning and program oversight.

Support the use of industry-based skill standards as a common measure of skill achievement and credentialling in public and private training programs.

Support upgrading of incumbent workers, particularly those at risk of losing their jobs in small and medium-sized firms by providing Governors with discretionary authority to channel a percentage of Federal work force investment resources to encourage employer initiatives in this area.

Leverage employer investment in worker training by providing incentives to employers such as tax credits for employee training or investments in individual training accounts.

3. Redefine Federal, State, and local relationships.

Enact legislation to consolidate the current myriad of Federal programs into block grants to States based on major program clusters such as youth preparation for work, adult entry to work, worker reentry, and worker skill upgrading.

Centralize the administration of the work force investment programs into one Federal agency and provide incentives to encourage States to take similar action.

Create a Federal work force investment board to oversee all Federal work force development related programs and to advise the President and Congress on national work force investment policy.

Adopt a broad and consistent policy of granting timely waivers to address Federal statutory, regulatory, and administrative requirements that inhibit service integration and quality customer service.

Provide State and localities flexibility in the administration of Federal work force development programs, and encourage States to establish cross-program performance management systems and continuous improvement processes.

Promote strategic planning of work force investment resources across programs at both the State and local levels by allowing States and localities to prepare a single work force investment plan for all Federal work force development programs.

4. Connect work force investment, education, and economic development activities at all levels within the system.

Include the U.S. Secretaries of Commerce, Education, and Labor as members of the National work force Investment Board.

Include representation from work force and economic development agencies and educational institutions on State and local work force investment boards.

Provide timely labor market information that accurately predicts the employment needs of the local labor market.

Provide States and localities the flexibility to work with small and medium-sized firms to support incumbent worker training as part of job retention and creation strategies.

5. Establish clear, simple and measurable outcomes for the system.

Define national outcome measures related to employment, job retention, earnings, and academic and occupational competencies gained by individuals assisted by services available through the system.

Allow States and localities the option to further define outcome measures related to the unique needs of the State or local labor market.

Make optimum use of U.I. wage records as well as academic and occupational skill standards (when they are available), to measure performance in achieving outcomes.

Develop common definitions, data elements, and reporting requirements to be applied throughout the system.

IV. CONCLUSION

The framework proposed in this paper calls for significant systemic change in the structure, administration, and operation of work force development programs in this country that builds on the best practices in the current system. Ultimately, it should provide individuals the tools they need to assume greater responsibility for their economic and social advancement and employers the means to access and train the skilled workers they need to remain competitive.

The Chairs Association believes that advancing the knowledge and skills of America's current and future work force is fundamental to the Nation's economic competitiveness today and in the 21st century. We have proposed a framework for restructuring the current fragmented system of employment and training programs into a unified work force investment system with the goal of building a competitive work force by investing in opportunities for lifelong learning. Responsibility for achieving this end rests with government, education, business, labor and each individual—it is a shared responsibility.

PREPARED STATEMENT OF GERALD W. MCENTEE

Mr. Chairman, I am Gerald W. McEntee, President of the American Federation of State, County and Municipal Employees (AFSCME). AFSCME represents 1.3 million state and local government and non-profit workers, thousands of whom are employed in local Employment Service and welfare offices around the nation.

On behalf of the members of my union, I first want to applaud your longstanding commitment to improving the lives of all American workers. You have been a stalwart friend of the American worker during your entire career, and we deeply appreciate your friendship. We also thank you for this opportunity to present our thoughts about reforming the nation's training and labor market programs.

It is gratifying that federal policy makers once again are debating the need for a comprehensive universal labor exchange and training system. The American labor movement's commitment to a national labor market system goes back to the 1930s and the Great Depression. There could be no better way to celebrate the 50th anniversary of the Employment Act of 1946 than by establishing an effective, modern, fully integrated labor market system for all Americans. Redesigning our job training programs must be a high priority in an economy experiencing major shocks from

technological change, corporate restructuring, the integration of the world economy, and defense downsizing.

No one knows better than our members who work in local employment service offices how great the need is to improve and rationalize our current education, training, and labor market programs. They want to be equal partners in creating a no-wrong-door system where any citizen seeking labor market and training services can get the help they need in the most efficient and effective way possible.

AFSCME members in many state employment service offices already are on the cutting edge of reinventing the delivery of education, training and labor market services. In Ohio, for example, members of AFSCME affiliate OCSEA/AFSCME who are employed by the State of Ohio's Bureau of Employment Security (OBES) are participating actively through a joint labor-management committee in the reorganization and revitalization of the agency and its offices. They and their union representatives were engaged at the beginning of the initiative to provide quality one-stop services. Today, there is a close working partnership with the OBES's management, and the State of Ohio has been effective in developing customer oriented offices around the states.

Similar reorganizations working toward customer friendly one-stop systems and centers involving AFSCME members are underway in Connecticut, Wisconsin, Iowa, Washington, Oregon, and New York.

The key point I want to make here is that front-line workers not only want to be involved in these changes, they must be involved at the earliest stages of any restructuring. Any reform effort which fails to recognize this basic principle will lose the unique expertise and knowledge of the people who actually provide the services.

Worker participation in reorganizing the workplace is essential. It is a well established principle in successful private sector reorganizations, as well as in the successful one-stop systems being initiated at the state level. According to the first report of the National Commission on State and Local Public Service, chaired by former Governor William Winter of Mississippi:

> Few of us—perhaps none of us—know how to make government work better than those who do the front-line work. Continuing the old adversarial relationship in today's highly competitive world simply makes no sense and only drags government down. Cooperative action to make government more productive is in the interest of all government workers; the fruits of enhanced labor-management cooperation and labor-saving innovations should be shared by workers and the public.

Another crucial element is ensuring the stability of the workforce and providing adequate financing. Restructuring will not succeed in a climate of insecurity caused by layoffs and forced reductions or fears among workers that their program might end instead of being restructured. Any value of a sunset provision such as the one proposed by Senator Kassebaum must be balanced against the damage it can do to the system. Creative reform requires a climate of security instead of anxiety which will drive capable people out of the system.

It is important to recognize that our members in the employment service have been working in an environment of federal neglect, shifting priorities, and unstable and declining resources as federal funding turned away from the employment service to a series of parallel and competing systems. They, better than any of us, understand the need for strong federal-state financial and political support.

Consolidation should not be a justification for reducing funds or shifting them to other purposes because we cannot or will not find new resources for new needs. The goal of any reorganization or consolidation should be improving services and reaching more workers and employers through better use of existing and new resources.

Revitalizing the nation's training and labor market system will require additional resources for more rapid training of state workers and managers, simplification of confusing and counter-productive management and reporting systems to serve the customer better, modernization of information systems, renovation of facilities, and joint labor-management cooperation in the redesign of the system.

The current debate over reforming our training and labor market systems has focused on questions of how better to integrate a fragmented system of programs how to apply private sector principles to the public sector, and how to structure private sector involvement federal programs. I would like to address these issues today.

To date, the challenge of reinventing our training and labor market systems has been framed largely in terms of privatizing government functions, applying a "market-based" model of competition to government programs, and the creation of business dominated local boards to manage federal programs. AFSCME does not agree with this general approach.

We have opposed applying market-based competitive concepts to the administration of one-stop systems. Such an approach will squander scarce resources, weaken accountability for the management of public funds, and throw the system into turmoil.

AFSCME has strongly advocated a collaborative model for the operation of onestop systems in which profit-making entities would be vendors of specific training services. but not managers of the system. In an era of scarce resources, cooperation is the best way to maximize existing resources and focus the system on coordinated delivery of quality services.

AFSCME also believes that accountability for the public's money should rest with the public sector and public sector agencies. In a restructured system, the control of information and performance standards applicable to service providers in the system should be retained as a public agency function. This is the best way to ensure quality control.

In such a system, tripartite work force boards should play an advisory role. We have never agreed with the idea of business-dominated boards having administrative control over education and training funds. Many Private Industry Councils have become extremely insular and unresponsive to public needs. They have become entrenched interest groups more concerned with protecting their funding stream than serving the public.

We are especially opposed to training providers filling the private sector seats on any work force boards because of inherent conflicts of interest and lack of accountability. Planning boards should be made up of customers of the system: labor, the community, and business. Business seats should filled by businesses which are consumers, not providers, of the services in the system. If the system works well, business will cooperate with it.

This is not to say that private sector management practices have no relevance in a public sector context. Indeed, private sector initiatives to create high performance workplaces can provide valuable lessons for the public sector. The important point, however, is that the federal training and labor market programs should be viewed as a system with significant assets in which we should invest our creative energies instead of selling it to the lowest bidder.

In a revitalized job training and labor market system, public sector agencies should play the role of the "honest broker," providing objective, good quality information, vocational assessment and referral, job counseling, job search assistance, and job development. They can enhance the efficiency of the labor exchange by coordinating the diverse array of education and training services.

In this regard, I call to your attention the August 4 testimony of Dr. Anthony Carnevale, Chairman of the National Commission for Employment Policy, before the House Government Operations Subcommittee on Employment, Housing and Aviation. Dr. Carnevale presents a "Blueprint for Reform" based on the notion that accountability in a decentralized system requires consistent information and ways to measure program effectiveness. He points out that private businesses have given individual plant operations flexibility but held them accountable for overall efficiency and quality through the use of information systems and performance standards.

In order to have high quality training programs which can serve a variety of client needs in very different local areas, we need to apply this business solution to our training systems. We must first develop high quality information about the kind of jobs being developed and the effectiveness of education and training programs by measuring education, employment and earnings gains. In short, if we cannot measure the results of individual programs, we cannot hold them accountable.

This new effort, Dr. Carnevale asserts, should be located in the State Employment Security Agencies. This is because the UI wage record system can provide invaluable information about what kind of jobs are being created and because the Employment Service has prepared labor market information for local areas and states for many years. Their combined assets makes these two systems uniquely qualified to perform core labor market functions in a redesigned system, and they should be at the heart of such a system.

The information-based functions must remain public functions. To do otherwise would compromise the integrity of the information and destroy the confidentiality of data provided by employers about individual workers' wages and job tenure. Furthermore, because the employment security system does not itself operate programs, it can make objective assessments about the quality of local education and training programs and the appropriateness of referrals to them.

A strong information system will provide the basis for better integration of our education and training programs through one-stop centers and systems. AFSCME believes these centers and systems should be as inclusive as possible.

We think it is crucial for the Family Support Act JOBS program to participate in one-stop systems. A better integrated welfare, education, training and labor market systems is essential in any strategy that reorients the welfare system to emphasize work and employment opportunities.

In addition, we must remove the stigma which welfare recipients currently carry when they look for work. One-stop centers and systems can do this if they have the broadest possible array of federal education, training, labor market, and social service programs participating, and all job seekers are treated equally based on their needs and interests.

AFSCME believes that a one-stop system built on a solid basis of automated information systems and performance standards can produce effective coordination of programs without the disruptive effects of either privatization or full consolidation. Unlike many past block grant proposals, one-stop systems can protect the funding priorities for different population groups established through the separate funding streams while facilitating administrative cost efficiencies through shared staff and equipment.

In addition, this evolutionary approach will have the advantage of providing for a smooth transition in which front-line workers can focus on how to do their jobs better instead of whether they will have a job.

Of course, Mr. Chairman, none of this will work without a national commitment to create jobs which pay a living wage. Downsizing has affected both the private and public sectors. The public sector downsizing is especially troublesome because so many minorities and women work in the public sector. It would be foolhardy to ignore this decline in such job opportunities, especially in urban areas.

In conclusion, Mr. Chairman, AFSCME is eager to work with you and the Administration in creating a coordinated high quality, customer oriented system of education, training, and labor market services equally available to all Americans. We believe that there is a better basis for a consensus plan now than there has been in years. We should not let this opportunity pass us by.

PREPARED STATEMENT OF FATHER WILLIAM T. CUNNINGHAM

Focus: HOPE, a human and civil rights organization headquartered in Detroit, has 700 employees, 42,000 volunteers, the nation's largest food program for children and elderly poor, as well as its largest and most advanced manufacturing and technology training. These two efforts are related: with over 80,000 persons on our food programs locally, our passion is to eliminate such food programs by insuring everyone's right to be a productive and contributing citizen.

Three remarkable facts:

- Eighty-five percent of America's balance of payments is in durable goods manufacturing;
- The average age of America's high school graduates beginning their first real job is 27 years (or nine years after graduation);
- At Focus: HOPE in Metro Detroit, we face a shortage of 500 skilled machinists just for today's local needs.

For the current and future job market, practical skills and education are inseparably joined. Job seekers must have computer skills, while the vast majority of public school educators are themselves computer illiterate. Skill development for a productive manufacturing economy requires a strong math and science platform as well as multiple language skills.

In 1981 Focus: HOPE began a high skills program for machinists—the critical infrastructure of U.S. manufacturing. Thirteen years ago Michigan's Department of Labor and the U.S. Department of Labor lacked definition for a machinist and maintained they were in abundance, even heavily unemployed. The Department of Defense cited a quarter-million shortage of skilled machinists. The U.S. Department of Education claimed our community colleges were turning out as many as needed. The Department of Commerce talked of new technology that would rapidly obsolete skills as we knew them. And none of the above were talking to each other.

By 1986, Senator Carl Levin developed an historic memorandum of understanding to be signed by the Secretaries of Labor, Education, Commerce and Defense declaring machinists a critical national priority for the nation's economy and defense.

But, to this day, we still depend largely on the marketing ploys of self-interested training companies to persuade jobless people about the value of the skills they provide. Hardly anyone, at State or Federal levels, working with business and industry, is telling the public and publicly-supported institutions about the knowledge and skills needed for real growth-opportunity employment.

We have, instead, poured money into useless short-term training ventures—easy fixes—long on promise and short on results. In Detroit, it often seems as if we've trained almost every citizen in cosmetology and truck driving. Almost never has a real skills development and educational program survived the welter of bureaucratic guidelines.

Someone has to stop and ask what are the key targets for job growth in the future economy and what is the appropriate preparation. Support these targets and the U.S. jobless population will supply the grit and the intelligence to do the job.

The absolute precondition for this outcome is a new realism and integrity in public school education, which continues to pass off a failed system.

Because most high school graduates lack computer literacy, math and language background, Focus: HOPE's FAST TRACK prepares one thousand 18-to-22 year olds this year, and fifteen hundred next year, with adequate capability. In seven weeks, six days a week, eight hours a day, the FAST TRACK candidate averages 3 years math advancement. Put another way, what traditional high schools take three years to accomplish, Focus: HOPE FAST TRACK does in seven weeks.

Every FAST TRACK candidate who meets our discipline, academic and skill standards becomes employed or goes to college. One-third enter Focus: HOPE's Manufacturing Training Institute, a one-year high skill development program.

Forty-plus hours per week of shop and classroom instruction and homework concentrate on mills, lathes and grinders, coordinate measurement machines, computer numerical control (CNC) programs and equipment, metrology, computer aided design, advanced math, language skills, both domestic and foreign, and other manufacturing competencies. Graduates average $9 per hour to start, job placement is 100%, and within three years of employment graduates are earning $25,000–$35,000 in annual wages.

Manufacturing graduates, and only graduates of the Manufacturing Training Institute, are invited to enter the six year multi-degreed engineering technology program of Focus: HOPE's national Center for Advanced Technologies. Here candidates work 40 hours a week on America's most advanced manufacturing systems in a *Star-Trekian* plant of the future. Six major U.S. universities provide Masters' degree courses in integrated syllabi without classrooms, employing an electronic library and academic modular learning linked to skills training and major production contracts from which candidates are paid. Candidates compete with industry standards in quality, cost,and speed to market. All contracts are won through competitive bids.

Evidenced already is a geometric gain in learning progress, rapid and lasting assimilation of theory to practice, and an environment that assures continuous learning and skill progress.

Add to this the successful technological implementations achieved by the Center for Advanced Technologies, which impact industry far more than the mediocre results of technology transfer.

Focus: HOPE believes that educational skills acquisition must be defined and driven by the competitive passion of successful manufacturers and by the imaginative capacity of our American youth to boldly go where no one has gone before.

PREPARED STATEMENT OF WILLIAM J. SPRING

First, let me thank you for this opportunity to appear before the committee and speak in support of the concepts behind the "discussion draft" of the "Job Training Consolidation and Reform Act of 1994" that your staffs have been considering.

Although I am a vice president of the Federal Reserve Bank of Boston, it must be clear that I am not speaking today as a representative of the Federal Reserve. It is as a member of the MassJobs Council and the state's School-to-Work Committee, a former president of the Boston Private Industry Council that I speak.

For some ten years, 1963 to 1973, it was my privilege to participate in the work of this committee, first as a legislative assistant in the office of Senator Gaylord Nelson and then, when he became chairman, on the staff of the Subcommittee on Employment, Poverty and Migratory Labor, as it was then called.

It was Senator Nelson's practice to seek bipartisan consensus whenever possible, especially on matters relating to employment and training. Going back to at least the Manpower Development and Training Act of 1962 there has been broad agreement among leaders of both parties and of all sectors of American life that investment in training and labor markets makes sense.

The legislation that you both have been working on during the course of this session is in that tradition. As your efforts go forward, there are many in this field who want to be of whatever help we can.

As the impact of change on the earning power of American frontline workers has become clearer and clearer over the last two years the national necessity of building

an effective education, training and employment system has become universally recognized. Education and training do not create jobs across any one business cycle. But in the long run, as former Labor Secretaries Ray Marshall and William Brock reported through their Skills Commission report in 1990, an effective education and training system is the smartest infrastructure investment a country can make.

Your efforts to craft such a system out of the welter of programs that have accrued over the last thirty years are most welcome continuation of their bipartisan efforts.

Together with the Administration you are seeking consensus on a path toward the goal of an effective system that we all recognize now as a national necessity.

Based on my experience over the last decade in Boston and Massachusetts I would like to make the following points:

1. Integrating education and training programs at the labor market level is essential. State capitals are only a little closer to operating labor markets than Washington. In Massachusetts we are trying to build from the ground up.
2. Brokerage effort to link people with education, training and employment, especially young people as they move from high school work, can be very effective, if well organized.
3. Private sector leaders and firms will play their necessary role in the system, but their good intentions need to be organized on an industry or geographical basis, in partnership with education institutions.
4. Measurement and labor market information at the local level are essential to operating both markets and public-private partnerships.

INTEGRATION AT THE LOCAL LEVEL

Included in my testimony is information on government financed education and training related to employment in Hampden County Regional Employment Board area (the city of Springfield, MA.) We have such information on each of the 16 Regions in the state. You will see that the FY 93 spending totalled over $60 million, while JTPA spending was under $6 million. The charts can give a reader a fair sense of how much money is being spent. But we cannot as yet tell you how many people were trained by occupation and with what outcomes in either skills mastered or employment gained.

It is our view that an education, training and employment system must be integrated and measured at the labor market level. Only at the labor market level can the crucial relationships between specific businesses and education or training institutions be forged. Business, education, community and government leaders are working through our Regional Employment Boards to build this system now. But it would be an immense help if federal authorities and legislation, across agencies, better supported our vision of a system designed to be integrated at the local level. As a practical matter most agencies must respond primarily to those bureaucracies providing the money rather than to customers.

The Administration's School-to-Work Opportunities Act, jointly designed and administered by the Sec. Reich and Sec. Riley is a major step in that direction. The consolidation and accountability proposed in your legislation is very important.

BROKERAGE

Boston's experience with career specialists and an organized business community under the Boston Compact documents, I think, the value of a really effective labor market exchange.

Under the Compact, organized by the Boston Private Industry Council and signed in September 1982, Boston business community pledged to organize summer jobs, jobs after school and to help graduates find employment after high school graduation. Business leaders of the largest corporations pledged "priority hiring" for high school graduates under which they would not be required to compete with older applicants.

The Boston Public Schools provided funds to hire career specialists for nearly all high school. The Specialists work on the Boston Private Industry Council payroll, but are jointly hired with high school headmasters and work in the high schools coaching job seekers, developing jobs and helping in the interview process.

As part of this testimony I have included a table which we put together with the help of Professor Andrew Sum of Northeastern University's Center for Labor Market Studies. It shows that by 1985 a black graduate of a Boston High School was more likely to be working the fall after graduation than a white graduate elsewhere in the nation.

Employment/Population Ratio in the fall of 1985 for June 1985 High School Graduates

	U.S.A	Boston
White	52%	62%
Black	28%	60%

For those with a good deal of experience in how labor markets work these outcomes are not that surprising. The Administration's "One Stop Shopping" initiative hopes, I believe, to accomplish similar results.

It will require adequate brokerage resources. In Boston we spend nearly as much on a career service staff helping those among our 6,000 juniors and seniors who seek help as the Job Service has available for some 500,000 workers in city.

ORGANIZING THE PRIVATE SECTOR

The Boston Compact showed business leaders in the city that over 700 firms could be brought into collaboration for a summer job effort and willing to give graduates a chance. Their reason was clear: the schools had to ask more of young people if they were to improve. Assuring kids who stayed the course that the business community would make an effort to find employment for them made sense. However, it was clear that fundamental change would be needed in high schools if the standards of academic mastery necessary to survive in the current world were to be met. So Boston Public School, Business, Government and Community College leaders were eager for the chance provided by the Bush administration to begin a demonstration project linking school, work and college. Under Project ProTech, area hospitals, collaborating through an existing organization of personnel directors, played a key role in building our business-school partnership that is one of the models for President Clinton's national School-to-Work Opportunities Act. Governor Weld and Lt. Governor Cellucci, who is chairman of the Mass Jobs Council, are committed to organizing business by "industry cluster" to work with high schools and community colleges to provide both school-to-work and more education and training for those on the job. Helping organize industry clusters is at the heart of Massachusetts' education and training system strategy. Each Regional Employment Board has identified leading clusters of industries in their regions and asked for their training priorities. In a number of fields, bio-tech for instance, and plastics, programs linking the training needs of small firms and existing training institutions are underway.

INFORMATION AND ACCOUNTABILITY

The work of the MassJobs Council and the Boston Compact is a model for the new, labor market level collaboration among education and training institutions, employers and those seeking learning and jobs. No one element in this "system" is in command. All must work together if the goal is to be accomplished.

First, we need accurate information. Any market requires not only supply and demand, buyers and sellers, but also good information on price and quality. Such information is simply not not now available at the local level in the market for education, training and employment. Your legislation takes steps to close that gap. I would argue that an adequate number of labor market brokers are as important to providing information in the market for education and employment as an adequate supply of stock brokers is for making information available in financial markets.

Goalsetting, measurement and accountability are also essential. We would not have any solid evidence of what happened to Boston high school graduates in the class of 1985 without the telephone poll of all graduates we conduct annually. I know of no other school system with a similar reality check. By setting goals and being measured we believe the performance of all members of the system is enhanced. Weakness are found. Improvement is possible.

With each partner pledging measurable contributions, and a reliable way of measuring outcomes, a system can be help together by performance not just lines of command.

At the national level we have a pretty good idea about how people fare in the labor market. BLS publications, especially Hours and Earnings provide solid information on hours, wages and annual earnings. But at the labor market level such information is now simply not available.

I recommend that you consider including in your legislation a requirement that at the state and local board level there be an annual publication of how people are faring in the labor market: the hours of work, their wages and their annual earnings by industry and occupation. Our concern in this endeavor is larger than simply the wise use of federal resources, we need to use all our resources, federal, state

and local, public and private to advance the cause of become a high productivity, high wage economy.

Secretarty of Labor Willard Wirtz, one of whose ideas was the desirability of creating local employment boards, once wrote that we only do what we measure, and if we want to raise earned income levels, and do it at the local level we need to measure results.

CONCLUSION

The concepts in your discussion draft seem to me to be very promising. And they advance the cause on each of these dimensions: integration, brokerage (one stop shopping) the organization of the private sector and measurement.

Sub-State Workforce Development Funds

(Commonwealth of Massachusetts)

Programs	FY 1993 Sub-State Funds (dollars)	FY 1993 Individuals Served	FY 1993 Outcomes		
			(a)	(b)	(c)
JTPA IIA	44,181,153	.....	.....	.....	.....
JTPA IIB	33,877,246	.....	.....	.....	.....
JTPA 8%	4,157,160	.....	.....	.....	.....
JTPA 3%	1,542,695	.....	.....	.....	.....
Employment Service—90%	11,349,714	.....	.....	.....	.....
Employment Service—10%	926,783	.....	.....	.....	.....
DVOP	1,371,896	.....	.....	.....	.....
LVER	1,073,355	.....	.....	.....	.....
Trade Adjustment Assistance	1,200,970	.....	.....	.....	.....
MDICC	NA	.....	.....	.....	.....
Bay State Skills Corp	1,985,343	.....	.....	.....	.....
Veterans' Job Training (Title IVC)	264,464	.....	.....	.....	.....
Job Corps	26,432,656	.....	.....	.....	.....
Total funds for economic affairs	128,363,440	.....	.....	.....	.....
Employment-Related Community College Program	46,719,997	.....	.....	.....	.....
Non-Perkins vocational moneys	161,495,827	.....	.....	.....	.....
Jobs for Bay State Graduates, Inc.	1,002,000	.....	.....	.....	.....
Proprietary School Programs	41,240,823	.....	.....	.....	.....
Pell Grants	38,487,466	.....	.....	.....	.....
Perkins Vocational Act	20,256,776	.....	.....	.....	.....
My Turn, Inc.	74,000	.....	.....	.....	.....
Chapter 188 (dropout prevention only)	477,965	.....	.....	.....	.....
Adult basic education (State)	4,205,000	.....	.....	.....	.....
Adult basic education (Federal)	4,745,950	.....	.....	.....	.....
McKinney Homeless Act (ABE)	377,630	.....	.....	.....	.....
Commercial drivers license	358,988	.....	.....	.....	.....
State Legislation Impact Assistance Grant	372,500	.....	.....	.....	.....
National Workplace Education	784,542	.....	.....	.....	.....
National English Literacy Demonstration Program	300,000	.....	.....	.....	.....
Total funds for education	320,899,464	.....	.....	.....	.....
MassJOBS	81,348,000	.....	.....	.....	.....
Office of Refugees and Immigrants:					
Key State Employment Services	2,090,836	.....	.....	.....	.....
Targeted Assistance Formula Grant	730,010	.....	.....	.....	.....
TAG Discretionary Grants	207,270	.....	.....	.....	.....
Labor Shortage Initiative Trust Fund	6,905,244	.....	.....	.....	.....
Mass. Rehabilitation Commission:					
Vocation Rehabilitation	33,291,990	.....	.....	.....	.....
Supported Work	1,369,439	.....	.....	.....	.....
Sheltered Work	5,557,367	.....	.....	.....	.....
Mass. Commission for the Blind	4,935,450	.....	.....	.....	.....
Department of Mental Health:					
Supported Employment	1,556,338	.....	.....	.....	.....
Skills Training	6,568,185	.....	.....	.....	.....
Community Support Clubhouse	13,470,470	.....	.....	.....	.....

Sub-State Workforce Development Funds—Continued

(Commonwealth of Massachusetts)

Programs	FY 1993 Sub-State Funds (dollars)	FY 1993 Individuals Served	FY 1993 Outcomes (a)	(b)	(c)
Department of Mental Retardation	32,218,690	.....	.....	.....	.....
Department of Youth Services	[1] N/R	.....	.....	.....	.....
Total funds for education	320,899,464	.....	.....	.....	.....
Industrial Services Program:					
Reemployment Assistance Program	19,625,411	.....	.....	.....	.....
Strategic Skills	321,000	.....	.....	.....	.....
Total funds for labor	19,946,411	.....	.....	.....	.....
Total work force development funds	659,458,604	.....	.....	.....	.....

[1] N/R—survey not returned

Sub-State Workforce Development Funds

(Hampden County)

Programs	FY 1993 Sub-State Funds (dollars)	FY 1993 Individuals Served	FY 1993 Outcomes (a)	(b)	(c)
JTPA IIA	3,033,403	.....	.....	.....	.....
JTPA IIB	2,298,516	.....	.....	.....	.....
JTPA 8%	280,567	.....	.....	.....	.....
JTPA 3%	.....	.....	.....	.....	.....
Employment Service—90%	729,559	.....	.....	.....	.....
Employment Service—10%	75,150	.....	.....	.....	.....
DVOP	138,724	.....	.....	.....	.....
LVER	86,771	.....	.....	.....	.....
Trade Adjustment Assistance	86,214	.....	.....	.....	.....
MOICC	N/A	.....	.....	.....	.....
Bay State Skills Corp	72,202	.....	.....	.....	.....
Veterans' Job Training (Title IVC)	26,689	.....	.....	.....	.....
Job Corps	10,210,799	.....	.....	.....	.....
Total funds for economic affairs	17,038,594	.....	.....	.....	.....
Employment-Related Community College Program	7,782,228	.....	.....	.....	.....
Non-Perkins vocational moneys	11,643,984	.....	.....	.....	.....
Jobs for Bay State Graduates, Inc.	104,000	.....	.....	.....	.....
Proprietary School Programs	N/A	.....	.....	.....	.....
Pell Grants	N/A	.....	.....	.....	.....
Perkins Vocational Act	2,402,077	.....	.....	.....	.....
My Turn, Inc.	.....	.....	.....	.....	.....
Chapter 188 (dropout prevention only)	60,520	.....	.....	.....	.....
Adult basic education (State)	120,370	.....	.....	.....	.....
Adult basic education (Federal)	459,360	.....	.....	.....	.....
McKinney Homeless Act (ABE)	37,000	.....	.....	.....	.....
Commercial drivers license	56,175	.....	.....	.....	.....
State Legislation Impact Assistance Grant	.....	.....	.....	.....	.....
National Workplace Education	.....	.....	.....	.....	.....
National English Literacy Demonstration Program	.....	.....	.....	.....	.....
Total funds for education	22,665,714	.....	.....	.....	.....
MassJOBS	10,934,000	.....	.....	.....	.....
Office of Refugees and Immigrants:					
Key State Employment Services	.....	.....	.....	.....	.....
Targeted Assistance Formula Grant	.....	.....	.....	.....	.....
TAG Discretionary Grants	.....	.....	.....	.....	.....
Labor Shortage Initiative Trust Fund	328,540	.....	.....	.....	.....
Mass. Rehabilitation Commission:					

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Sub-State Workforce Development Funds—Continued

(Hampden County)

Programs	FY 1993 Sub-State Funds (dollars)	FY 1993 Individuals Served	FY 1993 Outcomes (a)	(b)	(c)
Vocation Rehabilitation	3,565,841				
Supported Work					
Sheltered Work	600,763				
Mass. Commission for the Blind	407,021				
Department of Mental Health:					
Supported Employment	N/A				
Skills Training	N/A				
Community Support Clubhouse	N/A				
Department of Mental Retardation	2,935,329				
Department of Youth Services	[1] N/R				
Total funds for education	18,771894				
Industrial Services Program:					
Reemployment Assistance Program	1,559,230				
Strategic Skills					
Total funds for labor	1,559,230				
Total work force development funds	60,035,432				

[1] N/R—survey not returned

Sub-State Workforce Development Funds

(Boston City)

Programs	FY 1993 Sub-State Funds (dollars)	FY 1993 Individuals Served	FY 1993 Outcomes (a)	(b)	(c)
JTPA IIA	4,184,116				
JTPA IIB	4,845,068				
JTPA 8%	714,037				
JTPA 3%	150,000				
Employment Service—90%	935,442				
Employment Service—10%	30,244				
DVOP	125,450				
LVER	52,938				
Trade Adjustment Assistance	20,000				
MOICC	N/A				
Bay State Skills Corp	152,858				
Veterans' Job Training (Title IVC)	51,583				
Job Corps					
Total funds for economic affairs	11,261,736				
Employment-Related Community College Program	2,793,250				
Non-Perkins vocational moneys	5,222,727				
Jobs for Bay State Graduates, Inc.					
Proprietary School Programs	N/A				
Pell Grants	N/A				
Perkins Vocational Act	999,507				
My Turn, Inc.	74,000				
Chapter 188 (dropout prevention only)	50,000				
Adult basic education (State)	1,175,286				
Adult basic education (Federal)	874,949				
McKinney Homeless Act (ABE)	114,500				
Commercial drivers license	33,208				
State Legislation Impact Assistance Grant	100,500				
National Workplace Education	284,714				
National English Literacy Demonstration Program	200,000				

Sub-State Workforce Development Funds—Continued

(Boston City)

Programs	FY 1993 Sub-State Funds (dollars)	FY 1993 Individuals Served	FY 1993 Outcomes		
			(a)	(b)	(c)
Total funds for education	11,922,641	.....	.....	.....	.....
MassJOBS	13,627,000	.....	.....	.....	.....
Office of Refugees and Immigrants:					
Key State Employment Services	997,111	.....	.....	.....	.....
Targeted Assistance Formula Grant	298,002	.....	.....	.....	.....
TAG Discretionary Grants	160,000	.....	.....	.....	.....
Labor Shortage Initiative Trust Fund	3,753,646	.....	.....	.....	.....
Mass. Rehabilitation Commission:					
Vocation Rehabilitation	4,754,455	.....	.....	.....	.....
Supported Work	361,911	.....	.....	.....	.....
Sheltered Work	827,923	.....	.....	.....	.....
Mass. Commission for the Blind	661,196	.....	.....	.....	.....
Department of Mental Health:					
Supported Employment	N/A	.....	.....	.....	.....
Skills Training	N/A	.....	.....	.....	.....
Community Support Clubhouse	N/A	.....	.....	.....	.....
Department of Mental Retardation	2,521,387	.....	.....	.....	.....
Department of Youth Services	[1] N/R	.....	.....	.....	.....
Total funds for education	27,962,831	.....	.....	.....	.....
Industrial Services Program:					
Reemployment Assistance Program	763,682	.....	.....	.....	.....
Strategic Skills	.....	.....	.....	.....	.....
Total funds for labor	763,382	.....	.....	.....	.....
Total work force development funds	51,910,890	.....	.....	.....	.....

[1] N/R—survey not returned

Table 4—Boston Public High School Graduated, Class of 1985

(Employment and School Status Compared to U.S. Graduates)

	Total	1985 Boston Graduates				Employment/Population Ratio		
		Surveyed October 1985	Percentage of Those Surveyed			Boston Graduates October 1985	U.S. Graduates October 1985	Central Cities March 1986
			At School	School/Work	At Work			
Total	2,978	2,301	29	21	38	59	48	49
Black	1,437	1,125	25	19	41	60	28	34
White	913	721	29	21	41	62	52	62
Hispanic	323	239	30	22	32	54	43	40
Asian	283	207	51	34	13	47	n.a.	32
Other	22	9	n.a.	n.a.	n.a.	n.a.	n.a.	32

n.a.—not available.

Note: Comparisons of Boston and U.S. data for October 1985 are of limited usefulness because:

1. In the Boston public schools data the categories white, black and Hispanic do not overlap. In the October 1985 data for the United States, Hispanics are included in both the white and black population groups.

2. Boston data include those in the military (3 percent of the graduating class), while U.S. data are limited to the civilian noninstitutional labor force.

In U.S. data for March 1986 for 82 central cities the categories for whites, blacks, and Hispanics do not overlap.

Source: The Boston Private Industry Council, Inc., *The Class of 1985: A Follow-up Study, November 1985*, Tables 1, 4 and 13, Sharon R. Cohany, "What happended to the high school class of 1985?" *Monthly Labor Review*, October 1986, Table 1, p. 29. Current Population Survey data for March 1986 as analyzed by Professor Andrew Sum, Center Labor Market Studies, Northeastern University.

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PREPARED STATEMENT OF SKIP SCHLENK

Mr. Chairman, members of the committee, I am Skip Schlenk chair of the National Association of Private Industry Councils and manager of the AT&T Family Care Development Fund. Thank you for the opportunity to testify today in support of this committee's important efforts to consolidate and reinvigorate the Federal Government's investments in work force development.

NAPIC has appreciated the opportunity to work over the past several months with the staffs of Senators Kennedy and Kassebaum as they have grappled with the tough issues that must be resolved. As the committee moves forward in it's deliberations, we urge you to remain focused on the main goal—development of an efficient, high-quality work force development system. It is clear to us that this is what the public expects, working people need, and the global economy demands.

Let me note one approach to consolidation that must be maintained next year:

We absolutely need a bipartisan effort. Significant consolidation can only occur if there is a broad consensus. This committee must be the leadership base in building a consensus. In this regard, we commend the efforts of Senators Kennedy and Kassebaum in developing a bipartisan solution.

The Nation's private industry councils contend on a daily basis with the duplication, overlap, inefficiency, and burdensome paperwork that characterize job training efforts at the labor market level. PICs have made some progress in integrating programs and improving services over the past decade. We recognize however, that not enough has been done. We are faced with roadblocks in legislation, regulations and bureaucratic opposition that can only be resolved, in part, through new legislation.

NAPIC and it's membership have studied this problem for many years. We believe that the Nation's PICs, and the broader business community are prepared to support dramatic change. In fact, we find widespread support for the following principles:

First, we need program consolidation. Programs that belong together should be merged. At the same time we should not loose sight of our primary goal. A work force system that provides the skilled, flexible workers essential to our prosperity. Merging a dozen marginal programs into one large mediocre program is not worth your efforts.

Which brings us to our second principle. All programs must be judged by their outcomes—enhanced skills, job placement and retention, increased earnings and the like. A successful outcome-based system will be measured by the degree to which it responds to the evolving employment needs of local businesses.

Our third principle is that a work force development system only works if policy and accountability are vested at the local labor market level. We have such a vehicle in the private industry council. We need to strengthen PICs and expand their mandate. In fact, as Senator Kennedy knows, PICs are assuming new strategic roles in Massachusetts where they are known as regional employment boards and oversee all work force investment programs. Actually, a number of States and localities are following the Massachusetts lead. We welcome the opportunity to discuss in detail the exciting evolution of business-led governance boards with the committee.

Before closing, let me mention a few other points on which my colleagues on PICs generally agree.

Improved labor market information is essential to our education and training goals. The private sector is the source of much of the information needed. We need a private sector buy-in to obtain this information.

Furthermore, we agree that your legislation needs strong authority for waivers. We do not have all the answers as to how best to organize a quality system. Experimentation and research and development are needed. Waivers are essential if we are to have flexibility to try different approaches.

In closing, let me add one last point. Keep it simple. Focus on policy, governance, and outcomes. Establish clear authority and accountability. "One-stop career centers" make sense. Mandate them in your bill.

Mr. Chairman, thank you for this opportunity to testify. It is time for dramatic change in our work force development strategies and programs. The business community including thousands of business people who serve on PICs will support a bold proposal. We look to this committee for continued leadership. I will be happy to answer any questions.

PREPARED STATEMENT OF ROBERT V. VOLPE

NEW PERSPECTIVES—A PREVENTIVE APPROACH

We need to have a common understanding and expectation of our citizens, employers, labor and service providers about education. Education should be promoted

as a life-long process, and not a series of separate pieces. This continuum includes everything from life survival skills, job training skills to personal enrichment opportunities. Follow-on education and training opportunities such as apprenticeships, technical education, higher education and employer-based training are also a part of the system.

Our education/work force preparation system should be focused on the needs of the customers of the system—job-seekers and employers, not service providers. There needs to be a feedback loop from employers back to the system regarding new and changing work force expectations.

Certification of achievement of academic and work place skills must be provided to those successfully demonstrating such skills. This provides the objective credentials needed by individuals and employers.

We need to have the K-12 primary education system work as well as it can to minimize the number of people who need an alternative system, that is, be truly preventive, by addressing the various learning styles and learning paces of individuals. Reductions in school drop outs will result in significant savings in welfare payments. Unemployment insurance payments, a host of job training funds and other programs such as Medicaid and Food Stamps. The alternative system should be viewed as part of the primary system; one system driven by the customers.

BASIS FOR CHANGES

The National Performance Review headed by Vice President Gore developed several key principles that should serve as the basis for reengineering Federal Job Training Programs.

These principles are: cut redtape; put the customer first; empower employees to get results; and cut back to basics.

The five points of the joint Kennedy/Kassebaum statement on consolidation present key ideas on which reform should be based, and reflect the principles of the National Performance Review. I will offer specific recommendations for changes, many of which tie back to these two calls for change.

PROPOSED CHANGES

All existing programs should be consolidated into one single pool of funds and managed from the bottom up instead of the top down. This proposal changes the focus from institutional ownership to customer ownership.

Proposed is a system that would focus on results, not prescriptive command and control process and cost management. Local boards would be responsible for planning and oversight of the local system using federally defined return on investment measures. boards would include employers and service recipients, economic development groups, education and training providers, welfare program administrators and human service providers. Training and technical support would be provided to board members regarding best practices.

Measures might include reductions achieved in the number of people of welfare, reductions in the number of people drawing unemployment insurance, increases in the amount of new income taxes generated by the new workers, etc. Results against these measures would determine the levels of future funding, and performance awards to those localities achieving results by exceeding measures.

Each local unit would prepare a multi-year plan identifying the community's needs and obtain multi-year funding with a mix of fixed and variable funds based on fluctuating needs. A local plan would be developed using macro local data regarding economic need such as the number of unemployed, dislocated workers and job openings. Information would be aggregated at the State level, and funds allocated from the Federal Government based on a formula of these needs applied universally throughout the country.

The local decision-makers would then decide how to allocate the funds to best meet the local needs, and have responsibilities for definitions of who receives services. As an example, locally determined blanket eligibility could be applied to all residents in an empowerment zone or all students in a school designated at-risk. This would simplify eligibility determinations, reduce administrative costs and service response time. Currently, local units have to apply to State or Federal governments for waivers under JTPA, even though another government agency has defined an empowerment zone or school at-risk.

The new system would have mechanisms which clearly and more powerfully reward collaboration among service providers by providing cash incentives for demonstrating that allocated funds can go further to gain actual results and dollar savings. The new system would eliminate current internal cost limitations on administration, direct training, training related services, etc.

Labor market information would be divided into two categories to meet the different needs of job-seekers. One category would be longer term, more generalized, job information for career planning, and the other category would be the current labor exchange information regarding existing job openings.

The proposed system also would have a better way of disseminating information about best practices of all players-State, local boards and service providers.

PERSPECTIVES OF OTHER BUSINESS REPRESENTATIVES

I recently participated in a work group composed of representatives of other employers and several trade associations. This group met for a full day to focus on developing recommendations for changing the Federal work force preparation system based on experiences with current Federal programs. We concluded that future programs should be based on several key principles and have incentives for business.

KEY PRINCIPLES

Must be industry driven
Avoid micro management
Customer-focused (employee and employer)
System planning and oversight by local boards based on measured results (local community's return on investment)
Delivery system must be competitive and include public and private sectors
Must include economic incentives to encourage businesses to use the training system and should aim the increase the desirability of using domestic employees.

BUSINESS INCENTIVES

Skill standards certification program
Credible screening
User friendly system calibrated to customer needs—minimal paperwork burdens
Hold harmless provisions (Title VII concerns)
Incorporate "best practices" approaches
Flexibility for each community to design programs as appropriate

Our group is willing to assist the committee in developing revisions to the work force preparation system.

[Whereupon, at 12:23 p.m., the committee was adjourned.]

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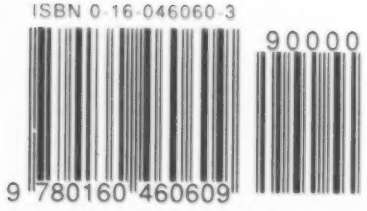
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